OCTOBER TERM, [redacted]

No. [redacted]3

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

[redacted]EADING COMPANY, PHILADELPHIA AND READING RAILWAY COMPANY ET AL.

FILED DECEMBER 16, 1915.

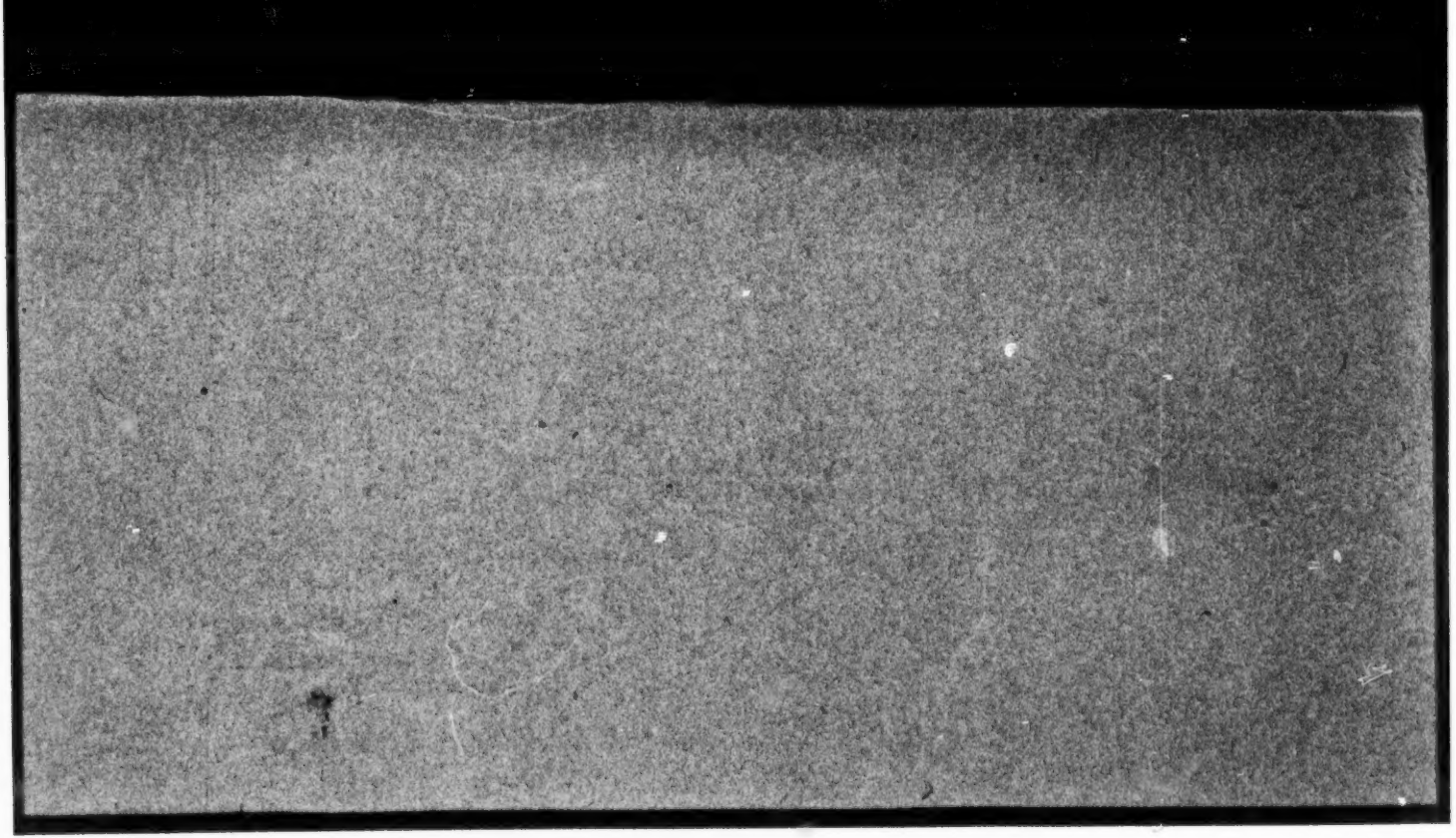
No. [redacted]14

READING COMPANY, PHILADELPHIA AND READING RAILWAY COMPANY ET AL., APPELLANTS,

vs.

THE UNITED STATES OF AMERICA.

FILED JANUARY 4, 1916.



INDEX.

DEFENDANTS RECORD.

Witnesses Called and Examined.

	PAGE
Auch, John F.:—	
Direct	505
Cross	551
Re-direct	593
Besler, W. G.:—	
Direct	728
Cross	734
Brown, W. G.:—	
Direct	919
Cross	941
Re-direct	944
Re-cross	945
Burns, Michael F.:—	
Direct	1378
Cross	1383
Re-direct	1398
Re-cross	1402
Crosley, E. B.:—	
Direct	741
Cross	744
deForest, Robert W.:—	
Direct	820
Cross	824
Dice, Agnew T.:—	
Direct	623
Cross	640
Gilcreast, Frank W.:—	
Direct	488
Cross	488
Hamlin, Edward:—	
Direct	1344
Cross	1347
Re-direct	1360
Re-cross	1361
Hansel, Charles:—	
Direct	655
Cross	665
Hill, Robert C.:—	
Direct	1403
Cross	1409
Re-direct	1415
Re-cross	1416

	PAGE.
Hope, William C.:—	649
Direct	655
Cross	
Huber, Charles F.:—	859
Direct	876
Cross	1003
Re-called by Government	1011
Re-direct	1015
Re-cross	
Johnson, W. C.:—	851
Direct	856
Cross	1017
Re-called by Government	
Koons, T. B.:—	815
Direct	818
Cross	819
Re-direct	828
Re-called	838
Cross	842
Re-direct	843
Re-cross	
Large, Robert H.:—	665
Direct	668
Cross	
Parker, Frederic:—	1364
Direct	1367
Cross	
Richards, W. J.:—	968
Direct	988
Cross	997
Re-direct	999
Re-cross	1001
Re-re-direct	1002
Re-re-cross	
Russell, Robert L.:—	738
Direct	740
Cross	
Shaw, J. Nelson:—	491
Direct	491
Cross	
Smith, Edwin F.:—	671
Direct	692
Cross	702
Re-direct	703
Re-cross	
Taylor, John A.:—	718
Direct	723
Cross	727
Re-direct	

PAGE.

Unruh, William:—
Direct 804
Cross 809
Re-direct 811
Re-cross 811

Van Ness, Howard:—
Direct 487
Cross 487

Voorhees, Theodore:—
Direct 595
Cross 600

Warriner, Samuel D.:—
Direct 884
Cross 904
Re-direct 913

White, William H.:—
Direct 704
Cross 706
Re-direct 717
Re-cross 717

Wolf, George:—
Direct 812
Cross 815

Zacharias, Henry C.:—
Direct 484
Cross 485
Re-called 845
Cross 846

Zepfler, Louis:—
Direct 1371
Cross 1373
Re-direct 1376
Re-cross 1377

EXCERPTS FROM DEPOSITIONS IN UNITED STATES VS. READING COMPANY (OLD SUIT).

Agreed statement respecting Reading Companies 1086
Auch, John F 499
Baer, George F 1057
deForest, Robert W 1073, 1076
Dice, Agnew T 604
Henderson, Charles E 1019
Lathrop, W. A 885
Richards, William J 946

STATEMENTS.

Statement of Legislative Policy of New York, New Jersey, and Pennsylvania toward combination of Anthracite Production and Anthracite Transportation Interests 1304
Statement of Samuel Dickson respecting early attempts to form a through railway line between Philadelphia and New York in competition with the Pennsylvania Railroad 1448

EXHIBITS.

			PAGE.
Exhibit No.	1.	Secs. 1, 2, 3, and 4, not printed.	
" "	1.	(C. R. R. Co. of N. J.)	777
" "	2.	"	778
" "	3.	"	779
" "	4.	"	787
" "	5	"	787
" "	6.	"	787
" "	7.	"	793
" "	8.	"	795
" "	9.	"	797
" "	10.	"	836
" "	11.	Respondent's Map	846
" "	12.	Defendants	854, 927–940
" "	13.	"	854
" "	14.	"	865

A.

Arnot *vs.* Philadelphia & Reading R. R. Co. *et al* 1417

B.

Baltimore & Ohio R. R., Excerpts from Annual Reports 1053–1056

C.

CENTRAL RAILROAD COMPANY OF NEW JERSEY 748–828
Allentown Route 767, 768, 771
Allentown Route Traffic Agreement 778
Allentown Route—disruption of 798
Agreement of Lehigh Valley 779
Agreement with Warren Railroad, &c 793
Balance Sheet, April 1, 1851 751
Balance Sheet, December 31, 1870 782
Bonds—Authority of C. R. R. to guarantee 750
Charter of 749
Capital Stock of, 1851 to 1871 755
Coal tonnage over C. R. R. 1856 to 1870 774
Cost of railroad, etc., C. R. R. Co. of N. J., 1871 775
Coal cars—Joint purchase by C. R. R., L. V. R. R. and A. Pardee & Co., Ex. No. 3 779
Coal tonnage—L. V. R. R. to connecting carriers, 1866 to 1871 784
Connecting Railway Co.:— 800
Organization of 801
Lease of to Penna. R. R. Co 802
Col. Willson's History 759
Distances from New York to coal mines and points west via C. R. R. of N. J 787
Deeds for E. & A. R. R. Terminal, Perth Amboy 792
Del., Lack. & Western R. R. Co.—Organization of 793
D. L. & W. R. R. Co., Warren R. R. Co. and C. R. R. Co. of N. J., Agreement, 1854 795
D. L. & W. R. R.:— 796
Lease of Warren R. R. to 797
Coal Docks at Elizabethport 797
Lease of Morris and Essex R. R. to 798
Report Jan. 1, 1871, C. R. R. Co., as to controversies between it and 798
Litigation between C. R. R. Co. and 798
Moses Taylor, Director of 798

CENTRAL RAILROAD COMPANY OF NEW JERSEY:— PAGE.
Dissolution of Allentown Route ... 798
deForest, Robert W., Direct-ex ... 820
" " Cross-ex ... 824
Extension C. R. R. of N. J., E'port to J. City:—
Charter authorizing ... 750
Extension C. R. R. of N. J., E'port to J. City ... 769, 771
Earnings, C. R. R. Co. of N. J., yearly, 1853 to 1870 ... 774
Expenses, " " " " " " " ... 774
Exhibit No. 1, C. R. R. Co. of N. J ... 777
" " 2, " " ... 778
" " 3, " " ... 779
Exhibits Nos. 4, 5, and 6, C. R. R. Co. of N. J ... 787
Easton and Amboy R. R. Co. coal terminal, Perth Amboy ... 787, 789
Easton and Amboy R. R. Co.—Organization of Co. and construction of ... 790, 791, 792
Exhibit No. 7, C. R. R. Co. of N. J ... 793
" " 8, " " ... 795
" " 9, " " ... 797
" " 10, " " ... 836
" " 1, Reference to Respondents' ... 845
" " 11, Respondents' ... 846
" " 12, Defendants' ... 854
" " 13, " ... 854
I. C. C. Tariff, C. R. R. Co. of N. J. A. No 3 ... 829
" Tariffs showing 17 coal routes to N. E ... 832
" Supp. No. 5 to I. C. C. A No. 77, (C. R. R.) ... 836
Johnston, John Taylor, Pres. C. R. R. Co. of N. J ... 782
" " " Director L. V. R. R. Co ... 782
Johnson, W. C., Direct-ex ... 851
Cross-ex ... 856
Koons, T. B., Direct-ex ... 815, 819, 828, 842
Cross-ex ... 818, 838, 843
Lease of railroads—C. R. R. Co. authorized to ... 749
Lackawanna Terminal at Elizabethport ... 762
Lehigh Valley R. R. opened Easton to Mauch Chunk ... 763
Lackawanna R. R. opened Hampton to Scranton ... 764
Lehigh and Susquehanna R. R. opened ... 773
Lehigh and Susquehanna R. R. connections with C. R. R ... 773
Lehigh coal tonnage over C. R. R. 1856 to 1870 ... 774
Lackawanna coal tonnage over C. R. R., 1856 to 1870 ... 774
Lehigh and Susquehanna R. R.—Lease of, 1871 ... 775
Lackawanna business withdrawn, 1875 ... 777
Lehigh business to be withdrawn ... 777
Lehigh Coal & Nav. Co., Reports 1869, 1870, 1871 ... 779, 780
" " minutes March 28, 1871 ... 780
Lehigh Valley R. R. Co.—Organization of ... 781
" " " " —Reports and Minutes ... 782
" " " " —Supt. Report, Dec. 31, 1855 ... 782
" " " " " " Nov. 30, 1865 ... 783
" " " " " " Nov. 30, 1866 ... 783
" " " " " " Nov. 30, 1867 ... 784
Lease of Morris Canal to L. V. R. R. Co., 1871 ... 786
Lease of Morris Canal to L. V. R. R. Co., 1871, Ex. No. 4 ... 787, 789
Lackawanna R. R. Co.—Organization of ... 792
Lack. R. R. Co., Warren R. R. Co. and C. R. R. Co.—Agreement between (1854) ... 793
Lack. R. R. Co.—Lease of Warren R. R. to ... 795

CENTRAL RAILROAD COMPANY OF NEW JERSEY:— PAGE.

Lease of Warren R. R. to D. L. & W. R. R. Co. 795
Lackawanna R. R. Coal Docks at Elizabethport 796
Lehigh and Wilkes-Barre Coal Co.:—
  Corporate organization of 846
  Consolidation of Company's forming 849
  50 largest stockholders 852
Map attached Report, April 1, 1854, Ex. No. 1 777
Minutes—Special Meeting of Stockholders of L. C. & N. Co., March 28, 1871 780
Morris and Essex R. R.—Connection with L. V. R. R. 783
Morris Canal Co., shipping over L. V. R. R. 784
  " " " authorized to lease 785
  " " " leased to L. V. R. R. Co., 1871 ..... 786, 789
Morris and Essex R. R. Co., organization of 796
  " " " " " leased to D. L. & W. R. R. Co. 797
Merger and consolidation of coal companies—Laws of Penna. 847
Merger of railroad companies—Laws of Penna. 848
New York City Terminal 772
Net earnings, C. R. R. Co. of N. J., yearly, 1853 to 1870 774
New Jersey West Line R. R. Co. 786, 789
Purchase Railroads—C. R. R. Co. of N. J., authorized to 749
Percentage of business from Lehigh and Lackawanna, 1862 770
Packer, Asa, Pres., L. V. R. R. Co. 782
  " " Director, C. R. R. Co. of N. J. 782
Penna. R. R. through route to west, organization of 799
  " " Co., lease of Connecting Railway to 801
  " " Extract from Col. Willson's History of 802
  " " Co., lease of United Railroads to 803
Report—Directors' Annual, April 1, 1853, C. R. R. Co. of N. J. 756
  " " " " 1, 1854, " " " 757
  " " " " 1, 1855, " " " 761
  " " " " 1, 1856, " " " 762
  " " " " 1, 1857, " " " 764
  " " " " 1, 1858, " " " 766
  " " " " 1, 1859, " " " 767
  " " " Jan. 1, 1860, " " " 768
  " " " " 1, 1861, " " " 768
  " " " " 1, 1862, " " " 769
  " " " " 1, 1863, " " " 769
  " " " " 1, 1864, " " " 770
  " " " " 1, 1865, " " " 771
  " " " " 1, 1866, " " " 771
  " " " " 1, 1867, " " " 772
  " " " " 1, 1868, " " " 773
  " " " " 1, 1869, " " " 773
  " " " " 1, 1870, " " " 773
  " " " " 1, 1871, " " " 774, 797
Receipts C. R. R. Co. of N. J., yearly, 1853 to 1870 774
Report—Directors' Annual, Jan. 1, 1872, C. R. R. Co. of N. J. 776
  " " " " 1, 1875, " " " " 777
  " " " May 4, 1869, L. C. & N. Co. 779
  " " " " 3, 1870, " " " 780
  " " " " 2, 1871, " " " 780
Routes between coal fields and New England 832
Supplements to Charter, C. R. R. Co. of N. J. 749, 750
Stock, Capital, C. R. R. Co. of N. J., 1851 to 1871 755
Siding agreements, Clause in C. R. R. 830

CENTRAL RAILROAD COMPANY OF NEW JERSEY:— PAGE.
Third Rail—Lackawanna connection at Hampton....761, 762
Terminal, New York City.... 772
Traffic Agreement July 21, 1866, Allentown Route.... 778
Taylor, Moses, Director Lack. Co. and C. R. R. Co.... 798
Tariff A No. 3, C. R. R. Co. (I. C. C.).... 829
Tariffs, (I. C. C.), showing 17 coal routes to N. E.... 832
Tariff, Supp. No. 5 to I. C. C. A No. 77, (C. R. R.).... 836
Tonnage moving over routes to New England.... 834
United Railroads leased to P. R. R. Co.... 803
Unruh, William, direct-ex....804, 811
cross-ex....809, 811

Wharves docks and piers:—
C. R. R. Co. of N. J. authorized to build.... 749

Warren R. R. Co.:—
Organization of.... 792
C. R. R. Co. of N. J. and Lack. R. R. Co., agreement 1854... 793
Leased to D. L. & W. R. R. Co.... 795
Wolf, George, direct-ex.... 812
cross-ex.... 815

Competition of Pennsylvania Railroad....527, 528, 531, 646, 650, 651

D.

Delaware, Susquehanna & Schuylkill R. R.... 729
Drifton Branch of Central R. R. of N. J.... 728

J.

Joint and Interchange Service between Philadelphia & Reading Ry. and Central R. R. Co. of N. J....500, 501, 503, 504, 534–539 540–543, 547, 548, 632, 637–639, 650, 651, 666–670

L.

LEASES:
Central Railroad by Philadelphia and Reading R. R.... 502
North Penn Railroad by P. & R. R. R. Co....504–505
Lehigh & Susquehanna (Rentals)....723, 727, 728
North River Coal & Wharf Co....728, 729
Coal trestles and routing clauses....829–831, 840–841
Schuylkill Canal.... 678
Wilmington & Northern Railroad....496–498
Lansford lands of L. C. & N. Co.... 875
Lehigh Canal....516, 902, 903
Lehigh & Hudson River Railroad....729, 831–835, 835–839, 843, 908
Lehigh & New England—Removal of P. & R. Siding at Tamaqua..741, 742

LEHIGH COAL & NAVIGATION COMPANY.
Independent Coal Co....883, 884
Stockholders of....886, 887
Coal prices of....887, 890, 901
A legal history of the formation, organization and operation of the Lehigh Coal and Navigation Company to 1868.... 1452
Act of 1837 (Pa.) authorizing construction of a railroad to connect North Branch Division of the Pennsylvania Canal with slack water navigation of the Lehigh.... 1461
Act of 1863 (Pa.) authorizing L. C. & N. Co. to extend their railroad from White Haven to Mauch Chunk.... 1468

PAGE.

Extract from Report of Board of Managers, 1867..... 1472
" " " " " 1869..... 1474
Extract from Supplementary Report of Board of Managers, 1870.. 1477
Extract from Report of Board of Managers, 1871..... 1477
" " " " " 1873..... 1481
" " " " " 1874..... 1484
" " " " " 1877..... 1484
Statement showing dividends paid from 1822 to 1913.....1486–1489
Statement showing profit and loss account summary..... 1490
Summary of assets and liabilities, 1863 to 1876..... 1492
Statement showing dates of acquisition of coal lands..... 1493
Statement showing gross earnings of the Lehigh and Susquehanna Railroad 1900 to 1913, inclusive..... 1494

LEHIGH & WILKES-BARRE COAL CO.

Statutory History.....846–851
Fifty largest stockholders (other than the C. R. R. of N. J.).....852, 853
Sells coal in Pa., N. Y., N. J., Conn., Mass., N. H., R. I., Vt., Me. and Southern States and Canada..... 853

Defendant's Ex. No. 12:—
Statement of markets reached in common with P. & R. C. & I. Co.....927–940

Defendant's Ex. No. 13:—
Production of anthracite coal separated so as to show the amount produced by each interest from 1890-1911, inclusive 854
Ownership of coal lands.....861, 862
Early acquisitions largely from L. C. & N.....874–875
Lease of Lansford Lands from 1874–1878 875

M.

MONOPOLY.

In transportation of anthracite:—
Schuylkill region served by three railroads..... 512
Tonnage from Schuylkill Region via Pa. R. R..... 512
" " " " " L. V. R. R..... 512
Wyoming Region served by P. R. R., L. V., D. L. & W., N. Y. O. & W., Erie, N. Y. S. & W., C. R. R. and D. & H.....733, 734

In mining and sale of anthracite coal:—
Shipments of Independents and P. & R. C. & I. Co. on the P. & R. Ry., 1910–1913, inclusive..... 510
Independent shippers on P. & R. Ry..... 511
Total number of collieries and those of P. & R. C. & I. Co., L. & W. B. C. Co..... 867
Independent operators and their tonnage.....867–870
Production of all interests, 1890–1911, inclusive..... 854

N.

NEW ENGLAND ROUTES ALL-RAIL OTHER THAN VIA L. & H. AND L. & N. E.

Lehigh Valley..... 834
Delaware & Hudson..... 835
Philadelphia & Reading..... 835
Delaware, Lackawanna & Western..... 835
New York, Ontario & Western..... 835
Erie..... 835
Pennsylvania Railroad..... 835

PAGE.

NEW LINE AGREEMENT 528
Routes unprovided for:—
Harrisburg and New York 528
Pottsville and New York 528
Schuylkill Valley points 528
Susquehanna River points 528
New York Central business 530
Philadelphia-Scranton line 530
Shippensburg Route of West. Md. 531
Interchange unprovided for:—
Via Allentown 529
Via Hauchs and Newberry Junction 530
Via Shippensburg 531

P.

PENNSYLVANIA R. R. CO.

Excerpts from annual reports 1053–1056

PENNSYLVANIA COMPANY.

Excerpts from annual reports 1056

PERCENTAGE CONTRACTS OF PURCHASE.

Lehigh & Wilkes-Barre Co. 870–874
Philadelphia & Reading Coal & Iron Company 986–987

PHILADELPHIA & READING COAL & IRON COMPANY.

Charter and statutory authority 914
§3. Power to purchase, sell, transport and mine coal 915
§5. Power to purchase lands or stock of other companies 917
Change of name 918
Statement of operations, 1898 to 1913, inclusive 922
Statement of tonnage mined, purchased and marketed, 1896 to 1913. 923
Statement showing total tonnage and tonnage N. Y. Harbor, 1896–1913, ... 924, 925
Statement showing total tonnage Philadelphia in 1913 ..... 941, 942
Markets coal in 43 States and in Canada, Cuba and Bermuda 925, 926
Lessee of lands of Tremont, Preston, Delaware Coal Co., and Mammoth Vein since 1876 922
Lessee of lands of Locust Gap Imp. Co., 1888 922
In possession of lands of Fulton Coal Co. since 1885 922

PROFITS IN ANTHRACITE TRANSPORTATION.

Comparison of anthracite rates with the merchandise rates 513–514
Rate of return on investment Reading System 704–705
Justification of Road Account in Hansel's valuation 663
Rate of return on investment C. R. R. System ..... 718, 719 & Ex.
Justification of Book cost in Hansel's valuation 658, 659

R.

RATES ON ANTHRACITE COAL.

Not made on percentage basis 594, 506
Compared with merchandise rates 513, 514
Remained stationary for 20 years 551
No complaint by shippers in 27 years 594

READING COMPANY. PAGE.

Charter and statutory authority 1451

REORGANIZATION OF READING COMPANIES 1095–1303

Decree of Foreclosure 1095
Receivers' Report of Sale 1123
Trustees' Report of Sale 1142
Notice of Appearance for Purchasers 1176
Petition of Purchasers for Confirmation of Receivers' Report of Sale 1177
Stipulation for Confirmation of Receivers' Report of Sale 1179
Petition of Purchasers for Confirmation of Trustees' Report of Sale 1180
Stipulation for Confirmation of Trustees' Report of Sale and Order thereon 1182
Decree confirming Receivers' Sale 1185
Decree confirming Trustees' Sale 1189
Deed, The Pennsylvania Company for Insurances, &c., to Charles H. Coster and Francis Lynde Stetson 1200
Deed, The Philadelphia & Reading Railroad Company to Charles H. Coster and Francis Lynde Stetson 1221
Deed, The Philadelphia & Reading Coal and Iron Company to Charles H. Coster and Francis Lynde Stetson 1229
Bill of Sale, The Receivers to Charles H. Coster and Francis Lynde Stetson, of sundry shares of stock 1236
Bill of Sale, The Receivers to Charles H. Coster and Francis Lynde Stetson, of sundry bonds 1240
Bill of Sale, The Receivers to Charles H. Coster and Francis Lynde Stetson, of sundry accounts for advances to leased and controlled companies 1243
Bill of Sale, The Receivers to Charles H. Coster and Francis Lynde Stetson, of sundry bonds of and claims against the Philadelphia and Reading Coal and Iron Company 1246
Deed, Charles H. Coster and Francis Lynde Stetson to Philadelphia and Reading Railway Company 1248
Agreement, Philadelphia and Reading Railway Company to Charles H. Coster and Francis Lynde Stetson, Purchasers 1267
Deed, Charles H. Coster and Francis Lynde Stetson to the Philadelphia and Reading Coal and Iron Company 1271
Agreement, The Philadelphia and Reading Coal and Iron Company with Charles H. Coster and Francis Lynde Stetson, Purchasers 1278
Circular of Receivers of the Philadelphia and Reading Railroad Company announcing surrender of property 1281
Circular of Receivers of the Philadelphia and Reading Coal and Iron Company announcing surrender of property 1282
Request of Charles H. Coster and Francis Lynde Stetson to the Receivers to surrender property 1283
Request of the Philadelphia & Reading Railway Company to the Receivers to surrender property 1286
Request of the Philadelphia and Reading Coal and Iron Company to the Receivers to surrender property 1287
Bill of Sale, Charles H. Coster and Francis Lynde Stetson to the Philadelphia and Reading Coal and Iron Company, of all bills and accounts receivable and cash 1288
Bill of Sale, Charles H. Coster and Francis Lynde Stetson to Reading Company, of sundry accounts for advances to leased and controlled companies 1291
Deed, Charles H. Coster and Francis Lynde Stetson and J. P. Morgan & Company to Reading Company 1295

S.

PAGE.

SCHUYLKILL CANAL.

Charter—Incorporating Schuylkill Nav. Co. 672
§26 right reserved to revoke charter 673
Present tariff (including gathering charge 675) 677, 676
Statutory permission for railroad to own stocks and bonds of and to lease canals of any Canal Co. Statute No. 48, Session Laws of Pa. 1870, approved April 14, 1870 ..... 677, 678
Lease to P. & R. R. R. Co., July 12, 1870 678
¶2 grant of valuable real estate 678, 680
Proviso authorizing abandonment north of Hamburg 679
Relations with P. & R. R. R. Co. in 1862 680
Served by numerous short line railroads 681
Canal dependent upon railroads for coal 682
Did not own or control any of these railroads 682

T.

TEMPLE IRON COMPANY.

Collieries not served by P. & R. Ry 516, 627
Collieries not served by C. R. R. Co 516, 733

THROUGH ROUTES in connection with:—

New York Central via Newberry Junction 502
D. L. & W. R. R. via Rupert 502
Baltimore & Ohio R. R. via Philadelphia 503
" " " Hagerstown 503
Western Maryland " Shippensburg 503

U.

UNITED STATES GEOLOGICAL SURVEY REPORTS 1320

V.

VALUATIONS OF RAILWAY FACILITIES USED IN THE SERVICE OF THE PUBLIC.

Central R. R. Co. of N. J 658–659
Reading System—Exclusive of C. R. R 663

W.

WILMINGTON & NORTHERN RAILROAD CO.

Certificate of organization 493
Wilmington & Reading R. R 493–494
Articles of consolidation 494
Berks & Chester R. R. and Delaware & Penna. State Line R. R. consolidation 494–495
Charter of Berks & Chester R. R 495–496
Supplement to last above 496
Lease to P. & R. R. R. Co 496–497
Refusal to adopt foregoing lease by P. & R. Ry 497–498
New lease to P. & R. Ry. Co., Jan. 17, 1900 498
Statistical statement showing character of W. & N. tonnage 550

IN THE

District Court of the United States for the Eastern District of Pennsylvania.

SEPTEMBER TERM, 1913. No. 1095.

IN EQUITY.

The United States of America, Petitioner,

vs.

Reading Company, Philadelphia and Reading Railway Company, The Philadelphia and Reading Coal and Iron Company, The Central Railroad Company of New Jersey, The Lehigh and Wilkes-Barre Coal Company, The Lehigh Coal and Navigation Company, Wilmington and Northern Railroad Company, Lehigh and Hudson River Railway Company, Lehigh and New England Railroad Company, George F. Baer, George F. Baker, Edward T. Stotesbury, Henry C. Frick, Peter A. B. Widener, Henry A. DuPont, Daniel Willard, Henry P. McKean, and Samuel Dickson, Defendants.

Meeting held in the Board Room at the Reading Terminal, Twelfth and Market Streets, Philadelphia, Pa., Tuesday, March 17th, 1914, at 11 o'clock A. M.

Present—The Examiner. Messrs. Coudert and Kingsbury, Special Assistants to the United States Attorney General, for the Government. Messrs. Heebner, Reynolds, Turner, Beitler, Drinker and Marvel, for the defendants.

Jackson E. Reynolds, Esq., noted his appearance for the Wilmington and Northern Railway Company, as well as the other defendants for whom he has already noted his appearance.

David P. Marvel, Esq., noted his appearance for the Wilmington and Northern Railroad Company.

DEFENDANTS' EVIDENCE.

HENRY C. ZACHARIAS, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your profession or occupation? A. Assistant Engineer, Philadelphia and Reading Railway Company.

Q. How long have you been such? A. I do not know when I received that title; probably twelve or fifteen years ago. I have been connected with the railroad company a good many years.

Q. Are you entirely familiar with the lines of the Reading system? A. I am.

Q. Have you at my request prepared maps showing the lines of the Reading system? A. Yes.

Q. Are these maps marked Exhibits 1, sections 1, 2, 3 and 4, the result of that preparation? A. They are.

Q. Is the delineation of the Philadelphia and Reading Railway system on those maps accurate? A. Yes, sir.

Q. You have also delineated on that map the Wilmington and Northern Railway? A. Yes, sir.

Q. Are you familiar with that line? A. I am.

Q. Is the delineation of that railway accurate? A. It is.

Q. What method did you adopt for the delineation of the Lehigh Valley, the Pennsylvania, Delaware, Lackawanna and Western, The New York, Ontario and Western, the

New York, Susquehanna and Western, the Erie Railroad, the Wyoming Valley Railroad and the Delaware and Hudson Company lines? A. They are shown in black lines where they come reasonably close to our own lines. They are not shown all over the map, but just where they come in juxtaposition with the other lines.

Q. In delineating those other lines I have just mentioned in black, what data did you adopt for placing the lines on the map? A. These maps are built up from the United States Geological Survey sheets, on which they were delineated, and they have all been checked up, and I accepted that delineation as being correct, and wherever I had the opportunity, I verified it, and always found them to be correct.

Cross examination.

By Mr. Coudert:

Q. How do these maps differ from the United States map? Simply that you have traced out the lines of railway? A. No. As applied to the Philadelphia and Reading Railway system, the Wilmington and Northern system, wherever there have been any additions made since the Government printed them, or if there were any errors on them, they were corrected.

Q. So you simply took the Government map and brought it down to date according to your own ideas? A. According to the facts and not according to my own idea.

Q. Your idea of the facts? A. My knowledge of the facts.

Q. Where did you get those facts from? A. From my personal knowledge of the roads, as well as from our maps.

Q. You took the railroad map and then brought the Government map down to date by the additions to the reduced sheets of the railroad map down to date? A. Yes. I have an accurate working knowledge of all our own lines, because I travel them persistently.

Q. How many of those reduced maps are there that

you used? A. There are probably thousands of them. Whenever a change is made or suggested, we prepare maps showing what is proposed to be done, or what has been done, and make that as a record, and then from that we always work with a working map. That is how those changes were made.

Q. This map shows changes in the last how many years? A. Up to date. Whatever changes have been made since the Government sheets were published.

Q. They were published when? A. At various times. Each sheet has on its margin the various publications. In margining up those have been covered up in some instances. Some of them start in 1888, and some are only a year or two old.

Q. Is there anything on the map to show the difference between what the Government put there and what you put there? A. Not except by comparison with the United States Geological Survey Map.

Q. There would not be any other way of ascertaining? A. No. You might possibly find where I had made erasures, taking away the roads that were abandoned, taken up since the Government map was prepared. I have erased those. You could tell where that would be.

Q. Could you tell us in a general way how extensive those changes were? Were they very considerable? A. Part of the Mine Hill and Schuylkill Haven Railroad has been taken up from the foot of Gordon Plane to a place called Glen Dower, covering probably fifteen or twenty miles. Clark's Valley Railroad has been taken up.

Q. Mention the principal changes you made? A. Those are the principal ones that have been taken up. Then there have been several places where slight changes of alignment have been made for the purpose of improving the alignment. The Philadelphia, Harrisburg and Pittsburgh possibly, at a place called D. and N. Junction. On either side of that junction they eliminated some very bad curves and grades and straightened the road. That is all shown. That would be the more important ones. The other ones I cannot recall now.

Q. How about the Lehigh and New England road? Was that on the Government map? A. The Lehigh and New England road is delineated on there by us on information furnished by the Lehigh and New England road, and I think you will find somebody else who will testify to the accuracy of that.

The Government reserves the right, after examination and verification of the maps, to make any objection.

HOWARD VAN NESS, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your profession or occupation? A. I am assistant engineer of the Central Railroad Company of New Jersey.

Q. Referring to the maps mentioned in the testimony of Mr. Zacharias, have you at my request delineated the line of the Central Railroad Company of New Jersey on those maps? A. I have.

Q. Have you a personal knowledge of the lines and grades of the Central Railroad of New Jersey? A. I have.

Q. Is your delineation of that system accurate on those maps? A. It is.

Cross examination.

By MR. COUDERT:

Q. How did you make those maps? A. Mr. Zacharias had mounted the Government map first, and then I came to his office, and there he placed the Central Railroad lines in the same manner he had placed the Reading lines. I brought with me maps, and I also had personal knowledge of our lines.

Q. You brought the map up to date in accordance with your own Jersey Central maps? A. Yes, sir.

Q. Of which you had a collection in your office? A. Yes.

Q. Could you mention generally the principal additions you made to the Government map? A. We put on a number of small branch lines built since the Government maps

were made. The Atco branch, which has since been taken up, shows on the Government map, which we corrected. Parts of our system which come in the section of the country in which there are no Government maps. Those are the principal ones.

Q. No Government map, because they have been built since the Government maps were made? A. No; there never have been any Government maps as shown on section one.

Q. What parts are they? A. In the neighborhood of Mauch Chunk—east of Mauch Chunk.

Q. Do you know any reason for that, why they should not have been delineated? A. No; I do not.

(Government's counsel reserve the right, after examination and verification of the maps to make any objection.)

FRANK W. GILCREAST, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your professional occupation? A. Engineer of Maintenance of Way of the Lehigh and New England Railroad Company.

Q. Referring to the maps which have been already referred to in the testimony of Mr. Zacharias and Mr. Van Ness, have you, at my request, delineated the line of the Lehigh and New England Railroad on those maps? A. Yes, sir.

Q. Are you familiar with the line of the Lehigh and New England Railroad? A. Yes, sir.

Q. Is your delineation of that railway on those maps accurate? A. Yes.

Cross examination.

By MR. COUDERT:

Q. You made those maps by taking the Government map and adding all the railways that have been put on subsequently thereto? A. Yes, sir. We plotted our line and then reduced it by the pantograph to this scale.

Q. Your line did not appear on the Government map? A. It did not appear on quite a number of the sheets at all.

Q. On quite a number of the sheets? A. There were several sheets. There is a blank sheet there was no Government map at all for.

Q. None of the New England line appeared on any of the Government sheets? A. Yes, part of it, but only small parts.

Q. But a part of it having been subsequently to the last sheet, that part you plotted out? A. Yes, sir.

Q. In accordance with your own maps in the office of the company? A. Yes, sir. And also filled out whatever blanks there were through the slate territory where there is no Government sheet at all.

Q. That includes the Panther Creek, so-called? A. Yes, sir; that includes the Panther Creek.

Q. Do you remember whether the Panther Creek had appeared on the Government map? A. Yes. I think it had, and we made some additions to it.

Q. Tell us where the Panther Creek makes actual physical connections with other roads? A. At Hauto, it connects with the Central Railroad of New Jersey. At Tamaqua it connects with the Philadelphia and Reading. And also the Lehigh and New England.

Q. Those are all the connections that it makes? A. Yes, sir.

By Mr. Turner:

Q. When you said that the Panther Creek connects with the Lehigh and New England at Tamaqua, do you mean at that time? A. No; not at that time. There is no Panther Creek Railroad at the present day. I assumed that h meant when we built the road.

By Mr. Coudert:

Q. You meant the rails which were formerly called the Panther Creek Railway? A. Yes, sir.

Q. And which now belong to the Lehigh and New England? A. Yes, sir.

Q. But that part of the Lehigh and New England Railroad has those physical connections such as you have stated? A. Yes, sir.

By Mr. Reynolds:

Q. At the point Lehigh Gap, where you have delineated the crossing of the Lehigh and New England Railroad over the Central Railroad of New Jersey, what is the general physical characteristics of that crossing? A. There are bridges practically a hundred feet above the rail of the Central Railroad of New Jersey.

Q. The Central Railroad of New Jersey at that point running along the bank of the Lehigh River? A. Yes, sir.

Q. And the Lehigh and New England crosses from one mountain side to the other on the overhead bridge? A. Yes, sir. The Lehigh Gap.

Q. What is the nature of the clearance or crossing at Slatington of the Lehigh and New England over the Central Railroad of New Jersey? A. The bridge below Slatington is just about high enough to give the standard clearance for the two rails, probably twenty-five feet.

Q. Is there a physical connection between the two roads at either of those points I have named? A. No physical connection with the Central at either point.

By Mr. Coudert:

Q. Could such a physical connection be made? A. One could be made at the Slatington bridge.

Q. Without very great difficulty? A. It would be probably a mile long.

Q. You have testified as to the only physical connection between the formerly so-called Panther Creek Railway and these other railroads? A. Yes, sir.

Q. As to those other two points, Slatington and Lehigh Gap, physical connection would be possible? A. Physical connection would be possible at Slatington—nothing is impossible—I would not say it would be impossible—at Lehigh Gap we are up a hundred feet in the air, and it would be a very difficult proposition and very expensive.

Q. But not impossible to American engineers? A. No.

By Mr. Turner:

Q. Is it not a fact that the Lehigh and New England is now constructing a road at Lehigh Gap which will have physical connection with the Central Railroad Company

of New Jersey over the lines of the Chestnut Ridge Railroad? A. Yes, sir.

By Mr. Reynolds:

Q. The Chestnut Ridge Railroad is owned by whom? A. I cannot say.

Q. Is it owned by the Lehigh and New England Railroad? A. No.

Q. Or by the Jersey Central Railroad? A. No. As far as my knowledge goes.

By Mr. Coudert:

Q. Can you tell me how soon that connection that Mr. Turner spoke of will be completed? A. I would say fifteen to twenty days will have it in operation.

Q. Its completion then is imminent? A. The grading is all done.

(The Government's counsel makes the same reservation with reference to the maps referred to by this witness.)

J. Nelson Shaw, having been duly sworn, was examined as follows:—

By Mr. Reynolds:

Q. What is your profession or occupation? A. Engineer of Maintenance of Way of the Lehigh and Hudson River Railroad.

Q. Are you familiar with the lines of the Lehigh and Hudson River Railroad? A. I am.

Q. Did you at my request delineate the Lehigh and Hudson River Railroad upon these maps one, two, three and four? A. I did on map two.

Q. That is the only section that the Lehigh and Hudson River occupies? A. Yes, sir.

Q. Is your delineation of that line on that map accurate? A. I believe it is. According to the Government geological map.

Cross examination.

By Mr. Coudert:

Q. You merely took the geological map and made some modifications? A. Yes, sir.

Q. Those modifications being in accordance with maps in your own office? A. Only in such cases as the modifications would bring the maps up to date.

Q. Do you remember in a general way what those modifications were? A. On the Government maps a few of the sidings, runs away from the main line.

Q. Those were practicaly the only modifications? A. The only modifications.

Q. Where does the Lehigh and Hudson River Railway make physical connection with other railroads? At what points? A. At Belvidere with the Pennsylvania Railroad, at Andover Junction with the D. L. & W., at Sparta Junction with the New York, Susquehanna and Western, at Franklin Junction with the New York, Susquehanna and Western, at Gray Court with the Erie, and at Burnside with the Ontario and Western, and at Maybrook with the Central New England.

Q. Where does it connect with the Central Railroad of New Jersey? A. I do not know that we have a connection with the Central of New Jersey. We have trackage rights over the Pennsylvania Railroad from Belvidere to Easton, and there we connect with the Central Railroad of New Jersey.

Q. There your trains physically connect with the Central Railroad of New Jersey? A. Yes, sir.

Q. That is the only connection? A. Yes, sir.

Q. You have mentioned all the other connections with the other roads? A. Yes, sir.

(Government's counsel makes the same reservation with respect to the maps referred to by this witness.)

Mr. Reynolds offered in evidence as Exhibit No. 1, made up of sections 1, 2, 3 and 4, maps to which the previous witnesses have been testifying. This exhibit will not be printed as part of the record, but it will be in evidence. Defendant's counsel will offer later a mechanically, accurately reduced production to a smaller scale on precisely the same proportion, a composite of these f[illegible] sections of Exhibit No. 1.

[illegible]overnment's counsel reserves the right to make any

objection, after examination and verification, of the maps at a reduced scale.

MR. REYNOLDS:—I offer in evidence a sequence of papers from which I will read what I want, and submit to counsel for the Government, with the understanding that they may read into the record at any time any portions of these same papers which they may choose to put in.

The first is a duly certified copy of the certificate of organization under seal of the franchises and property of the Wilmington and Reading Railroad Company, forming a new corporation by the name, style and title of the Wilmington and Northern Railroad Company, as the same appears of record and remains on file in the office of the Secretary of the Commonwealth of Pennsylvania. This certificate, so far as the defendants care to introduce it, is as follows:—

"This is to certify, that under the provisions of an act of the General Assembly of Pennsylvania, approved April 8, A. D. 1861, the persons for or on whose account the Wilmington and Reading Railroad, its franchises and appurtenances, were purchased under a decree of sale entered on the sixth day of June A. D. 1876, by the Circuit Court of the United States for the Eastern District of Pennsylvania, did on the said eighteenth day of January A. D. 1877, organize a new corporation under the provisions of the said act of assembly, and did adopt the corporate name of 'The Wilmington & Northern Railroad Company,' and did fix the amount of the capital stock thereof, at one million five hundred thousand dollars ($1,500,000)."

I next offer duly certified copy of an Act to incorporate the purchasers of the Wilmington and Reading Railroad Company passed at Dover, February 22d, 1877, as the same appears on record in the office of the Secretary of State at Dover, Delaware, being Chapter 435, volume 15 of the Laws of Delaware. I read therefrom section 3, as follows:

"Section 3. It shall and may be lawful for the said 'The Wilmington and Northern Railroad Company' aforesaid,

at any time after the organization thereof, to merge and consolidate its capital stock, franchises and property into and with the capital stock, franchises, and property of any corporation then organized under the laws of the State of Pennsylvania, and having authority to operate that portion of the railroad, formerly the property of the Wilmington and Reading Railroad Company, which is situated in the said State of Pennsylvania, and which, together with the portion situated in the State of Delaware, formed the entire line of said railroad sold under the decree of the Circuit Court aforesaid."

I also offer in evidence a certified copy of the articles of consolidation and merger between the Wilmington and Northern Railroad Company, a corporation of the Commonwealth of Pennsylvania, and the Wilmington and Northern Railroad Company, a corporation of the State of Delaware, forming a new corporation by the name, style and title of the Wilmington and Northern Railroad Company, as the same appears of record and remains on file in the office of the Secretary of the Commonwealth of Pennsylvania. I read from the third paragraph of these articles of consolidation and merger the following:—

"*Witnesseth,* That the 'Wilmington and Northern Rail Road Company' of Pennsylvania a corporation of the State of Pennsylvania, and the 'Wilmington and Northern Rail Road Company' of Delaware a corporation of the State of Delaware, do agree that the said companies shall be consolidated into and form one corporation under the name and style of 'The Wilmington and Northern Rail Road Company.'" These articles of consolidation and merger bear the date of March 8th, 1877.

I offer in evidence duly certified copy of articles of consolidation between the Berks and Chester Railroad Company and the Delaware and Pennsylvania State Line Railroad Company, forming one corporation by the name, style and title of Wilmington and Brandywine Railroad Company as the same appears of record and remains on file in the office of the Secretary of the Commonwealth of Pennsylvania.

These articles of consolidation were entered into the twenty-third day of April, 1866, between the Berks and Chester Railroad Company and the Delaware and Pennsylvania State Line Railroad Company.

I read from these articles the first recital, being as follows: "Whereas, The railroads respectively being built by the said companies above named will constitute a continuous line of railway, of uniform gauge, from the city of Wilmington, in the State of Delaware, to the village of Birdsboro, in the county of Berks, and State of Pennsylvania, and the Directors of said companies, upon mature consideration, have determined that the interests of the respective stockholders of said companies, and the public interest and convenience will be greatly promoted by the union of their said roads into one road, and by the consolidation of the respective stocks of said companies into one common consolidated stock; Now, therefore, this agreement, made by and between the companies or corporations above named, parties hereto." Then I omit down to the agreement, which I desire put in the record, as follows: "Witnesseth, that the said Berks and Chester Railroad Company, a corporation of the State of Pennsylvania, and the Delaware and Pennsylvania State Line Railroad Company, a corporation of the State of Delaware, do agree That the said companies shall be consolidated into, and form one corporation under the name and style of 'The Wilmington and Reading Railroad Company.'"

I next offer in evidence a certified copy of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled an Act to Incorporate the Berks and Chester Railroad Company, approved April 20th, 1864, as the same appears of record and remains on file in the office of the Secretary of the Commonwealth of Pennsylvania. I read from this Act portions of section one, omitting a long enumeration of names.

"Section 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, that (enumerated persons) be and they

are hereby appointed commissioners to open books, and receive subscriptions, and organize a company, by the name, style, and title, of the Berks and Chester Railroad Company, with power to construct a railroad from a point, on the Philadelphia and Reading Railroad, at or near, Birdsboro, in Berks County, and thence by the most available route, to connect with any railroad, or railroads, now built in the county of Chester."

I next offer a certified copy of a supplement to an Act of General Assembly of the Commonwealth of Pennsylvania, entitled "A Supplement to an Act to incorporate the Berks and Chester Railroad Company, approved April twentieth, A. D. one thousand eight hundred and sixty-four, extending the time for the completion of said railroad, and authorizing it to connect with the Delaware and Pennsylvania State Line Railroad Company, and to be consolidated therewith, under the provisions of the Act of the General Assembly, approved the twenty-fourth day of March, A. D. one thousand eight hundred and sixty-five, approved March 16th, 1866, as the same appears of record and remains on file in the office of the Secretary of the Commonwealth of Pennsylvania. I read into the record only a part of section 2, as follows:—

"SECTION 2. That said company be and is hereby authorized to connect their road with the Delaware and Pennsylvania State Line Railroad Company, and, at any time, to consolidate therewith."

I next read into the evidence an agreement between the Philadelphia and Reading Railroad Company and the Wilmington and Northern Railroad Company, bearing date May 16th, 1879. The portions of this agreement which I wish to read into the record are as follows:—

"WHEREAS, the railroad of the Berks County Railroad Company, hereinafter styled the Berks County Railroad, is about to be sold under a mortgage thereon dated November 1st, 1872; and as a portion of the said railroad, viz., that intervening between the terminus of the Wilmington Company's road, on High's Farm, hereinafter called High's Junction and the depot of the Wilmington Company in the

City of Reading is now in possession of the Wilmington Company under a lease from the Berks County Railroad Company, now, therefore, it is agreed by and between the two companies as follows:

"1. (If the Berks County Railroad is purchased by the Reading Company or any person or persons acting in its interest or on its behalf, then the Reading Company shall grant and does hereby grant to the Wilmington Company the perpetual right of running its trains via the said intervening section of the Berks County Railroad now leased by the Wilmington Company, between the said High's Junction and the present station or depot of the Wilmington Company in the City of Reading, subject to such reasonable police regulations in regard to the movement of trains, as may from time to time be established by the Reading Company."

MR. REYNOLDS:—I next offer in evidence a notice dated November 11th, 1896, given by C. H. Coster and Francis Lynde Stetson, to the Wilmington and Northern Railroad Company, which I hand to the Examiner for the purpose of copying, omitting the names of the companies to whom it was given, excepting the Wilmington and Northern Railroad Company:—

"23 Wall Street,

"NEW YORK, November 11th, 1896.

"GENTLEMEN:—We beg leave to inform you that, by virtue of the judgment and decree of the United States Circuit Court for the Eastern District of Pennsylvania, and also by virtue of the deed from the Pennsylvania Company for Insurances on Lives and Granting Annuities, as Trustee, the franchises and property late of The Philadelphia and Reading Railroad Company, have been sold and transferred to the undersigned as purchasers thereof. The decree of sale and the order of confirmation and the deed executed in pursuance thereof, expressly reserve the right to these purchasers, to elect whether or not to assume or adopt any of the leases and contracts sold with the railroad and other property and franchises.

"The undersigned as purchasers have elected not to assume or adopt a number of such leases, agreements and contracts.

"Among the leases, agreements and contracts which the undersigned have elected NOT to assume or adopt are those executed by the parties and of the dates following, to wit: Wilmington and Northern Railroad Company, May 16th, 1879."

(Then follows list of railroads to which notice was given.)

"It is intended that the new Railway Company to be organized by the undersigned as purchasers, shall at twelve o'clock midnight, on November 30, 1896, enter into possession of its property under such decrees and conveyances, and accordingly you are notified that from and after that hour the new Railway Company will decline to render service or to furnish facilities or to proceed under any provision of the above-mentioned leases or contracts, or in any particular to be bound thereby, or to make any payments thereunder, the same having been by us duly disclaimed.

"This notice is given you at the earliest possible moment, in order that you may make such other arrangements as may be necessary or proper for your convenience, or for the public service.

"(Signed) C. H. COSTER,
FRANCIS LYNDE STETSON,
"Purchasers.

"To Wilmington and Northern Railroad Company."

Mr. Reynolds offered in evidence lease of the Wilmington and Northern Railroad Company, bearing date January 17th, 1900, under which the Philadelphia and Reading Railway Company acquired the leasehold interest in the railroad and property of the Wilmington and Northern Railroad Company, extending from French Street in the City of Wilmington, State of Delaware, to a point on the Philadelphia and Reading Railway at or near Birdsboro, together with various branches and sidings and the ordinary railroad equipment.

This lease will not be spread at length on the record to encumber it, but either side is at liberty to read *in extenso* from the document if they see fit.

JOHN F. AUCH, having been duly sworn:—

MR. REYNOLDS:—Preceding the examination of Mr. Auch, I wish to introduce from the old record testimony given by him on April 28th, 1909, appearing in Volume 4, page 667, and following, of which the Examiner has a copy, and I shall hand a copy to the counsel for the Government.

Government's counsel has no other objection to this, save that it is a duplication in part of matter already in the record, and, therefore, quite unnecessarily cumbersome.

Testimony of John F. Auch, a witness called by the defendants in the old suit, April 28, 1909 (Volume IV, page 667).

JOHN F. AUCH, having been duly affirmed, was examined as follows:—

By JUDGE CAMPBELL:

Q. What is your present occupation? A. General Freight Agent, Philadelphia and Reading Railway.

Q. I would like you to begin at the beginning and trace down your connection with the business of the Philadelphia and Reading Railway Company, briefly, but fully enough to cover your experience and knowledge. A. I first entered the employ of the Philadelphia and Reading Railroad Company in 1875, in the capacity of telegraph operator, and served in that capacity until 1879. I was then appointed station agent and served in the capacity of station agent from 1879 until 1884, and in 1884 entered the General Freight Department, and have continued consecutively in that department up to the present time.

Q. Through all administrations? A. Yes, sir, and receiverships.

Q. What knowledge have you of the interchange of traffic between the Philadelphia and Reading Railroad Company, its Receivers, and the Philadelphia and Reading Railway Company since the receivership, and the Central Railroad Company of New Jersey, prior to 1901, at various points of connection? A. In 1875, when I first entered the service of the Philadelphia and Reading Railroad Company, it was confined in its operations to the limits of its own tracks. There was at that time practically no interchange between the Central Railroad of New Jersey and the Philadelphia and Reading Railroad Company. The Central Railroad of New Jersey was likewise limited in its operation. In fact, the Central Railroad of New Jersey in the early 70's did no business beyond Phillipsburg or Easton, which was the western terminus of its line. The relations of the Philadelphia and Reading and its Receivers with the Central Railroad of New Jersey up to say 1884 were practically the same as the relations between the Philadelphia and Reading Railroad Company and its Receivers to any other railroad company; that is, they had no joint rates, no joint routes, nor no interchange.

Q. Have you not overlooked the change in the situation which resulted from the construction of the North Penn Branch from Jenkintown to the Delaware River, the construction of the Delaware and Bound Brook Railroad to Bound Brook Junction, New Jersey, and its subsequent lease of the North Penn and the Bound Brook to the Philadelphia and Reading Railroad Company in 1879, for the interchange of traffic between Philadelphia and New York? A. I did not overlook it. I did not think that I had gotten to that point yet.

Q. As you had passed 1879 and gotten up to 1884, I thought you had overlooked it. A. This is true, there is a breach there that ought to be covered. I think it was in 1879 that the Philadelphia and Reading Railroad Company leased the North Pennsylvania Railroad Company. We found, when that lease was made, that there had been relations established prior to the leasing of the North

Penn, between the Central Railroad of New Jersey, and the North Pennsylvania Railroad Company. In 1876 the Delaware and Bound Brook was opened, and of course the Philadelphia and Reading Railroad Company acquired that portion of its line with its lease of the North Pennsylvania Railroad.

Q. In 1879? A. In 1879. Now there was an interchange between the Central Railroad of New Jersey and the North Pennsylvania Railroad Company at Bethlehem, that continued—or more especially between the Lehigh and Susquehanna—and that continued until the Delaware and Bound Brook was opened up in 1876.

Q. The Lehigh and Susquehanna being a road constructed by the Lehigh Coal and Navigation Company and about 1871 leased to the Central Railroad Company of New Jersey? A. I do not know just the date when it was leased.

Q. But it was leased and is now being operated by the Central Railroad Company of New Jersey? A. Yes, but there was an arrangement between the Lehigh and Susquehanna and the North Pennsylvania Railroad at Bethlehem. It was not until the leasing of the North Pennsylvania Railroad that this interchange with the Central Railroad of New Jersey direct via Bound Brook was accomplished, and that was in 1879. I would like to explain right here that to the leasing of the North Penn—I will call it North Penn for short—there was some little interchange between the Philadelphia and Reading Railroad and the Central Railroad of New Jersey via Allentown, but that interchange was not a direct interchange. It was effected only in connection with the Lehigh Valley, whose tracks extended from Allentown to Easton and there connected with the Central Railroad of New Jersey. At that time of course—say in 1884—we, that is the Philadelphia and Reading, by reason of its lease of the Catawissa at Williamsport, had established a connection with the Lehigh and Susquehanna Division of the Central Railroad of New Jersey at Tamanend or Hauck's Switch, which is practically one and the same

501

place. In 1884, the first lease made between the Philadelphia and Reading Railroad Company and the Central Railroad of New Jersey was consummated, and immediately after the making of that lease the Philadelphia and Reading and the Central Railroad of New Jersey began the establishment of joint through rates and routes. Prior to that time the Central Railroad of New Jersey, as I have previously stated, had no joint rates extending to territory beyond its own rails. The Philadelphia and Reading was in practically the same position. The only connection that we had with any other line was that obtained through the acquisition of the Catawissa and Williamsport, which gave us a connection with the Delaware, Lackawanna and Western at Rupert. We had no other connection except that which was obtained with the Lehigh Valley Railroad at Allentown via Reading and Allentown, that is, the East Pennsylvania Branch. We did undertake to handle through traffic in a limited way with the Lehigh Valley, who had enabled us to reach limited territory in New York State via Waverly.

Q. And the Erie Railroad? A. The Erie Railroad. The opening of the Perkiomen Railroad enabled us to make that connection, so that during the Centennial, in 1876, through passengers and through traffic were handled via Waverly and the Erie road via Allentown and via the Perkiomen. The lines were further extended in about 1884—I could not give you the exact date—by the building of the Beech Creek and Fall Brook.

Q. Connecting with the New York Central system? A. Now in the New York Central, connecting with the Philadelphia and Reading at Newberry Junction. The building of those lines gave us a direct connection at Newberry Junction with the New York Central system through the Fall Brook, and put us into the bituminous coal regions, in the Beech Creek and Clearfield districts. Then in 1886 our facilities were further enlarged by the building of the Baltimore and Ohio Railroad, or the extension, rather of the Baltimore and Ohio Railroad from Baltimore to Philadelphia and connecting with the Philadel-

phia and Reading in this city. In 1891 the Philadelphia and Reading extended its line somewhat by building a bridge over the Susquehanna River at Harrisburg and building between Harrisburg and Bowmandale, giving us a through road west as far as Shippensburg. At Shippensburg we connected with the Western Maryland Railroad, and over the Western Maryland we carried to a connection with the Baltimore and Ohio Railroad at Shippensburg and Hagerstown. Now to go back to 1875, I think I have already stated that the traffic of the Philadelphia and Reading Railroad was limited at that time to its own rails. Its principal business at that time was the transportation of anthracite coal from Schuylkill County to tide, or Philadelphia.

Q. Tide at Philadelphia? A. Yes. There had, of course, been some growth in the development, that is, industrial development, in the Schuylkill Valley, and it is my recollection that the market afforded at Philadelphia even for transportation for the anthracite coal did not properly take care of the mine productions and there was continual pressure, both from the industries and the mining industries, to enlarge and afford more extended markets. That pressure resulted, as I have previously stated, in the establishment in 1884 of a number of joint routes and what is called co-operative fast freight lines, operating over the Central Railroad of New Jersey and the Philadelphia and Reading, via the several junction points, that is, via Allentown, via Tamaqua, via Tamanend or Hauck's Switch, via Bound Brook and via Bethlehem. The direct connection with the Central Railroad of New Jersey at Allentown was not affected, though, until 1890. At that time what was known as the Allentown Terminal Railroad was opened and afforded the Philadelphia and Reading and the Central Railroad a direct physical connection at that point. Prior to that time, as I have already stated, the business had to be handled between Allentown and Easton by the Lehigh Valley. Now I have referred to a connection at Rupert with the Delaware, Lackawanna and Western.

Q. On the Catawissa? A. On the Catawissa Branch. We also did have an interchange with the Delaware, Lackawanna and Western Railroad for business to and from New York, by making the delivery to the Lehigh Valley Railroad at Allentown and the Lehigh Valley carrying the traffic over to Phillipsburg and there connecting with the D., L & W., giving us a route into New York, so that the section of the Philadelphia and Reading north and west of Reading could be served in that way. We were absolutely without any means of successfully competing for or handling any traffic originating in the vicinity of Philadelphia, for New York, because the route by Allentown was circuitous and it was impossible to make the time that was essential to enable us to successfully compete for business between Philadelphia and New York. The same might be said with respect to the Lackawanna route as serving the territory north and west of Reading. It was a slow route. We were interfered with more or less by the intervention of the Lehigh Valley there, a third party, to handle the business and the facilities were not very good. They did not undertake to run through cars in those days, like they do now, and never thought of running through trains, so that it meant a transfer at Phillipsburg and another transfer at Allentown, en route between New York and its ultimate destination, even on the line of the Philadelphia and Reading road. From 1879, when the Philadelphia and Reading leased the North Pennsylvania Railroad, which effected this connection with the Central Railroad of New Jersey via Bound Brook, there was a steady growth of traffic interchange between the Philadelphia and Reading Railway territory south of Reading and in the vicinity of Philadelphia. This territory south of Reading was advanced in industrial development and we could not begin to give the manufacturers located on the line of the Philadelphia and Reading Railroad the markets which were required for the output of those concerns. I believe that those demands made upon the Railroad Company for enlarged distributing facilities were instrumental largely in deter-

mining the policy of the company in leasing first the North Pennsylvania Railroad. We were threatened, that is, the company was threatened, between 1875 and 1879 with the loss of a number of industries that had located in the Schuylkill Valley on the supposition that they would get proper transportation facilities. Then we had the advent of the Pennsylvania's line up the Schuylkill Valley. I do not remember just what date that was, but that only tended to disturb matters from an industrial point of view, so far as those industries located on our line were concerned. We had at that time, as I previously stated, no joint rates in connection with the Pennsylvania Railroad, nor any others, except as I have explained, subsequent to 1884.

By MR. REYNOLDS:

Q. The testimony put in was given by you on April 28th, 1909? A. Yes, sir.

Q. Since that date, what, if any, change has occurred in your relations to the Philadelphia and Reading Railway Company? A. I have been advanced to Vice-President and Freight Traffic Manager.

Q. At the present time you have been in the service of the company in different capacities for about forty years, have you not? A. About. Thirty-nine years to be exact.

Q. During that period and down to the present time, have you ever had any connection whatever with the Philadelphia and Reading Coal and Iron Company? A. None whatever.

Q. Or with the Lehigh and New England Railroad Company? A. No, sir.

Q. Or with the Lehigh and Hudson River Railroad? A. No, sir.

Q. Or with the Lehigh and Wilkes-Barre Coal Company? A. No, sir.

Q. Or with the Lehigh Coal and Navigation Company? A. No.

Q. I direct your attention to some of the testimony put in by the Government on the lower half of page 266 (printed page 139), and the upper half of page 267 (printed page 140) of the minutes, a certain letter from a President of

a railroad not a party to this litigation, to a President of one of the defendant railroads, appearing on pages 315, 316, 317, 318 and 319 (printed pages 161 to 163) of the minutes of the testimony. In both of those portions of the testimony reference is made to anthracite freight rates being an adjustment on the basis of a percentage of the price realized for anthracite coal at tidewater. In the letter a reference is also made to the division of the price realized on coal as between the producer and transporter on a percentage basis. Has any such method of making anthracite rates ever been in effect on the Philadelphia and Reading Railway system since you have been in general charge of its rate making? A. No, sir.

Q. Under the rulings of the Interstate Commerce Commission at the present time could you file a tariff naming rates in such a manner? A. We could not. The rulings of the Commission require that rates shall be stated specifically in cents.

Q. Is it a matter, however, of any notoriety and testimony in anthracite litigation that some of the old systems like the D. and H., for example, for many years did make anthracite rates on that basis? A. I believe it is.

Q. I call your attention to certain correspondence set out on page 323 to page 329 (printed pages 165 to 168) of the minutes of the evidence in this case, and I would like to ask you what possible interest the Philadelphia and Reading Railway had in those westbound rates which were the subject matter of that correspondence? A. Where we were interested to the extent that any change in those rates would naturally affect our revenue, our proportion of those rates.

Q. Explain just how that would be. Assume that what apparently was feared had occurred, that the Wabash Railway had insisted upon a lesser through rate to St. Louis, how could that possibly affect the Reading? A. In the manner in which I have stated, that if there were a general reduction in the rates to the west in consequence of a lower rate having been established in connection with the Wabash Railroad, the Philadelphia and Reading Railway would,

of course, lose a proportionate share of the rate by reason of the general reduction.

Q. Therefore, you did have a direct interest in maintaining your anthracite rate proportion where it was? A. Yes, sir. We have always regarded the rates to the far west on anthracite coal and our proportion of those rates as rather thin, unsatisfactory, and we naturally dislike to see any further reduction or possible reduction.

Q. I observe that this correspondence took place in 1908. Since that time have the western lines reduced their anthracite rates? A. There have been some readjustments of anthracite rates in the west or by the western lines. I do not think that there have been any reductions.

Q. What recent action, if any, has the western lines taken in respect to anthracite rates? A. The western roads have within the last year undertaken to advance the rates on anthracite about five per cent. in common with the five per cent. increase, and they have been rather insistent upon such an advance being made effective even from the anthracite regions, and have gone so far as to suggest that unless the rates were advanced from the anthracite regions they would feel disposed to withdraw concurrence in the rates heretofore established.

Q. That is, their position now is that they want higher rates? A. They want higher rates decidedly.

Q. And if they do not get them they will withdraw from their concurrence? A. Yes, sir.

Q. Specifiy the roads or group of roads which you are referring to? A. I refer to the group of roads commonly known as the Central Freight Association roads. I can name them individually, if you would like them. That means all the roads west of the termini.

By Mr. Coudert:

Q. All the roads west of your termini? A. Yes, sir. We can put it, west of our termini. Although I mean west of Buffalo and Erie. But that same answer may be applied to the roads connecting with the Philadelphia and Reading Railway on the west.

By MR. REYNOLDS:

Q. Read a certain letter appearing in the record beginning at the bottom of page 330 (printed page 168) and running over to the top of page 332 (printed page 169) in minutes of testimony. Is there anything unusual or abnormal or extraordinary about that letter? A. I have not been able to detect it.

Q. Is it or not customary for you in making rates to always consult your shippers? A. Quite frequently. Especially when the rate proposed concerns a commodity that is likely to move in considerable volume as to tonnage, and when proposition is made from some connecting line to establish certain rates on a given commodity we quite frequently consult the shippers of those commodities, as we know them in our own territory, to ascertain whether or not the rates proposed are liable to develop any business.

Q. Take the ordinary commodity rate, the commodities moving in large volume involving rate making in the Trunk Lines Association territory, is it or not usual to have the shippers and their representatives consult freely with all the lines in the making of rates? A. I think so. The establishment of rates and the publishing of tariffs are matters of a good deal of expense, and our aim is to avoid, as far as possible, the issuance of so-called paper rates. We do not think there is any use of establishing tariffs on mere sentiment, and we frequently consult the shipper to ascertain whether there is liable to be any traffic developed in the event of the rates proposed being established. If we find that there is not, we frequently do not establish the tariffs that are under consideration.

Q. How much did it cost you to print your tariffs for this five per cent. advance? A. I think that the cost of printing, together with the clerical work, and the preparation of the tariffs, was about $25,000.

Q. You do not spend $25,000 unless you think there is some traffic going to move? A. Not if I know it.

Q. I call your attention to page 333 (printed page

170) of the record. That letter is incomplete, but, so far as it appears in the record, what is the significance of the letter from a traffic standpoint? A. No significance attached to that letter at all. It is the ordinary application for a rate from a shipper.

By MR. COUDERT:

Q. You do not deny any of the facts stated in that letter? A. No; I do not deny any of the facts.

By MR. REYNOLDS:

Q. Do you furnish any sea-going tug and barge service at any port other than at Port Richmond? A. No, sir.

Q. Do you discriminate as between shippers in respect to the facilities afforded by your sea-going tugs and barges in the distribution of coal? A. No, sir.

Q. Do you give independent shippers the same rates as you do the Philadelphia and Reading Coal and Iron Company in the barge and tug service? A. Yes, sir.

Q. Is it usual and normal, or unusual and abnormal, for the railway to extend large credit to large shippers on its rails? A. I should say it was usual, quite normal.

Q. Why is any such custom necessary with large shippers? A. The larger the business, the larger the credit that is necessary. You cannot do a large business without extensive credit. No industry can conduct a large business without extensive credit.

Q. Take the mere mechanics of shipping freight, loading it into cars, getting the bills of lading and the waybills and the manifests, and then paying the freight bills on shipment, would it be possible for a large shipper shipping a great number of consignments per day to transact a business of that magnitude and pay his bills in money day by day? A. It would very materially increase the mechanical cost of conducting the business. If we were to write out a waybill or an expense bill for each individual shipment and collect it as the shipment went forward, or as the shipment was delivered, it would multiply the work in connection with the operation many fold.

Q. Are your credit arrangements with the Philadelphia

and Reading Coal and Iron Company any different in any respect whatever from the credit arrangements which you have with shippers on your lines of the same magnitude or of a magnitude anything like approaching it? Take the Bethlehem Steel Company, for instance. A. It is the same arrangement.

Q. Do you give credit to the United States Government in transportation? A. We do. Against our desire at times.

Q. Comparing the United States Government as a debtor and the Philadelphia and Reading Coal and Iron Company as a debtor, which shipper pays its bills with the greater promptitude? A. The Philadelphia and Reading Coal and Iron Company.

Q. By how many months? A. From six to eighteen.

Q. In connection with the shipments of anthracite coal over the Philadelphia and Reading Railway system, about what has been the comparative volume of shipments of the Philadelphia and Reading Coal and Iron Company and other shipments on the railway since you last testified, in the last four or five years? A. I have prepared a statement showing the shipment of anthracite coal in tons, 2240 pounds, from the Schuylkill Region by various shippers as indicated over the Philadelphia and Reading Railway Company for four years ending June 30th, 1913. The statement is as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement showing Shipments of Anthracite Coal (in tons 2240 pounds) from the Schuylkill Region, etc., by Various Shippers, as indicated, over Philadelphia and Reading Railway, for Four Years ending June 30th, 1913.

	P. & R. C. & I. Co.	Other Shippers.	Total.
1910	7,077,557.09	3,676,114.14	10,753,671.23
1911	7,448,624.16	4,005,313.03	11,453,937.19
1912	7,471,043.07	3,527,740.16	10,998,784.03
1913	8,857,894.08	3,793,881.17	12,651,776.05
	30,855,120.00	15,003,050.10	45,858,170.10"

Q. From that volume of shipments by shippers other than the Philadelphia and Reading Coal and Iron Company for the Schuylkill Region I assume there is a very considerable number of independent operators in that territory; is that correct? A. Yes, sir; there are quite a number of independent operators. I file with the Examiner, and also give to Government's counsel, a list of those independent operators in that territory. The statement is as follows:—

PHILADELPHIA AND READING RAILWAY COMPANY.

List of Independent Collieries or Washeries and the Names of Shippers located in the Schuylkill Region and Shipping Anthracite Coal over P. & R. Ry.

Colliery or Washery.	Name of Shipper.
Katherine	Treverton Coal Co.
Buck Ridge No. 2	Buck Ridge Mining Co.
Corbin	Excelsior Coal Co.
Excelsior	" " "
Enterprise	Enterprise Coal Co.
Ryan & Bergen	Ryan & Bergen.
Natalie	Colonial Collieries Co.
Oxford Coal Co	Madeira Hill & Co.
Cambridge	Cambridge Coal Co.
Kehley Run	Thomas Colliery Co.
Hudson	H. A. Smith & Co.
Stanton	Brookwood Coal Co.
Girard, Bear Ridge	W. R. McTurk Coal Co.
Morea	Weston Dodson & Co.
Pine Hill	Pine Hill Coal Co.
Lytle	Lytle Coal Co.
East Lehigh	Shepp Bros.
Bell	Gorman & Campion.
Silver Hill	Phillips Coal Co.
Maryd	Maryd. Coal Co.
Lucia R.	Pt. Carbon Coal Co.
Brockton	Sch. Lehigh Coal Co.
Mount Hope	Mount Hope Coal Co.
St. Clair	St. Clair Coal Co.
Howard	White & Co.
Laurel Run	Butcher Creek Coal Co.
Ellsworth	J. H. Davis.
Buck Run	Buck Run Coal Co.
Oak Hill	Oak Hill Coal Co.
Block Heath No. 2	W. W. Scott Est.
Coleraine	A. S. Van Winkle & Co.
Wolf Creek	Wolf Creek Coal Co.

Q. Are there any other transportation systems serving the anthracite producers in the Schuylkill region? A. Yes, sir.

Q. What are they? A. The Pennsylvania Railroad system and the Lehigh Valley Railroad system.

Q. If you know, will you state about how great a tonnage from that region is annually moved by the Pennsylvania Railroad? A. We are advised by the Pennsylvania Railroad that during the year ending June 30th, 1911, the Pennsylvania Railroad carried from the Schuylkill coal regions 4,150,880 tons of anthracite coal. For the year ending June 30th, 1912, 3,738,045 gross tons.

Q. How much of a factor is the Lehigh Valley in the Schuylkill region? A. The Lehigh Valley is quite a factor, although its tonnage is not as great as the Pennsylvania Railroad. We are advised by the Lehigh Valley people that its line received and transported from the Schuylkill region during the same period, ending June 30th, 1911, 2,842,451 gross tons. For the period ending June 30th, 1912, 2,230,662 gross tons. Making a total for the two companies for the year ending June 30th, 1911, 6,993,331 gross tons, and for the year ending June 30th, 1912, 5,968,707 gross tons.

Q. In the Government's bill there is an allegation to the effect that the transportation of anthracite coal is enormously profitable. Have you made any comparisons as between your rates on anthracite coal and your rates on other commodities as pertinent to that allegation? A. I have.

Q. Can you take some point in the coal regions, for instance, Pottsville, and put into the record a comparison of the rates or revenues per ton and the average revenue per ton per mile on freight exclusive of anthracite coal between that same locality and the same destination, say tidewater, New York, for some given years? A. I have here a statement showing the average revenue per ton and average revenue per ton per mile of all freight exclusive of anthracite coal between tidewater at New York and Pottsville,

Pennsylvania, for the fiscal year ending June 30th, 1913. The statement is as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

"Statement Showing Average Revenue Per Ton and Average Revenue Per Ton Per Mile on All Freight Exclusive of Anthracite Coal Between Tidewater at New York and Pottsville, Pa., Fiscal Year Ended June 30th, 1913.

	Pottsville to New York.		New York to Pottsville.	
	Average revenue per ton.	Average revenue per ton mile. Cents.	Average revenue per ton.	Average revenue per ton mile. Cents.
July, 1912.....	$4.30	2.514	$4.34	2.538
August, "	3.60	2.100	4.80	2.807
September, "	4.86	2.842	4.76	2.783
October, "	4.60	2.690	5.08	2.970
November, "	3.26	1.906	4.89	2.285
December, "	2.98	1.742	4.54	2.654
January, 1913.....	3.57	2.087	4.34	2.532
February, "	3.95	2.309	4.83	2.824
March, "	3.84	2.245	5.22	3.052
April, "	3.71	2.163	4.84	2.830
May, "	3.71	2.163	4.96	2.900
June, "	3.51	2.052	4.65	2.719
Average for the year ..	$3.76	2.198	$4.79	2.801"

Q. Have you prepared a similar statement as to the revenue per ton per mile on anthracite coal between Pottsville and tidewater, New York? A. Yes, sir. I have prepared a statement showing the revenue per net ton per mile on anthracite coal from the mines to tidewater at Port Reading by months for the present year, 1913.

Q. And that is an exact parallel with the previous statement, except that this covers anthracite coal, is it not? A. Yes, sir. That is all it covers.

The statement is as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Revenue per Net Ton per Mile on Anthracite Coal from the Mines to Tidewater at Port Reading by Months for the Fiscal Year 1913.

		Revenue per Ton per Mile. Mills.
July,	1912	74
August,	"	72
September,	"	72
October,	"	73
November,	"	74
December,	"	74
January,	1913	74
February,	"	75
March,	"	74
April,	"	76
May,	"	74
June,	"	74
Average for the year		74

Average haul, 172 miles."

Q. How does the empty car movement on anthracite coal compare with the empty car movement on general merchandise freight? A. So far as tidewater is concerned, we figure that it is an absolute empty movement one way. That is, the return empty movement. In other words, there is no lading for the cars going back to the mines from tide. Whereas in the case of merchandise between New York and Pottsville, we have lading in the cars both directions.

Q. As a matter of fact, does the Schuylkill Canal reach or penetrate the coal regions of the so-called Schuylkill field? A. It does not; no, sir.

Q. How does coal get to the canal from the coal regions? A. It is carried by rail to the northern or western terminus of the canal from the collieries, averaging a mileage varying from ten to twenty-five miles.

Q. What railroad is the canal dependent upon to get its coal transported. A. The Philadelphia and Reading Railway.

Q. And it is at the mercy of that railroad as a transportation matter? A. Absolutely, yes.

Q. Are the terminii of the Schuylkill Canal in Philadelphia physically convenient to any number of consignees of coal? A. No, sir. The terminii are very limited, and there are comparatively few consignees that can utilize the canal *terminii*.

Q. What is the method of unloading coal from canal boats to coal yards where they can be reached? A. It varies. Some of the yards have mechanical appliances adjusted that enable them to take the coal out of the canal boats and put it into their yards, while the smaller yards simply have the coal lifted out of the canal boats by bucket and loaded onto barrows and wheeled into their yards.

Q. Is it or not a fact that it is always a lifting movement to get the coal from the water level or below in the hull of the vessel to a position where it can be put in a coal pocket to be sold? A. Yes, sir. It is always a lifting process. The height of course varies according to the circumstances that I have previously described. That is, if it is a large trestle it may be pretty high and the lift is greater.

Q. How is coal delivered from a coal car on the railroad to a coal pocket in Philadelphia? A. The car is placed directly on to the trestle and the coal dumped into the bins from the car simply by opening the bottom.

Q. Have you ever had any difficulty, as a traffic man, in competing with any canal borne coal in Philadelphia? A. No, sir. We do not consider the canal is in competition with the railroad or the railroad in competition with the canal.

Q. As a matter of fact, canals make very considerably lower rates than the railroad, do they not? A. Yes, sir. They make lower rates, and are still nevertheless unable to make them sufficiently low to attract the business.

Q. Is the difference in rate wiped out by the method of unloading? A. The difference in the rate is wiped out—there is nothing economical about the canal transportation, and the difference between the canal rates, the tolls, and the freight rate is more than absorbed by the additional expense of handling the coal at the termini and the loss that

occurs in consequence of that particular method of handling.

Q. What loss do you mean? A. The degradation of the coal.

Q. By degradation of the coal you mean breaking it down into lower grades? A. Yes, sir; breaking it down, some of it into dust that is blown away by the wind.

Q. The Lehigh Coal and Navigation Company runs a canal down here, do they not? A. I think I have heard something of a transportation line of that sort; yes, sir.

Q. And owning the canal, they also ship coal, do they not? A. They do; yes.

Q. They are thus in a position, if they choose, to handle their own coal at exactly what it costs them to handle it, are they not? A. I suppose so.

Q. Can they compete with you in handling coal to Philadelphia? A. They bring some coal in here, but as to the canal, I should say that the volume was not very great.

Q. Does the P. and R. Railway move any coal from any of the Temple Coal Company operations or the operations of any of the subsidiary companies of the Temple Coal and Iron Company? A. No, sir.

Q. Do you know whether the Central Railroad Company of New Jersey does? A. To the best of my knowledge, no.

Q. What, if any, change has taken place as matter of diversification of the traffic of the Philadelphia and Reading Railway Company since it has been in existence as compared with the character and nature of the traffic previously handled by the predecessor company, the Philadelphia and Reading Railroad Company? A. There has been a very marked change in that respect. Comparing the latter period with the previous period, you will note that in the earlier history its traffic was principally that derived from the transportation of anthracite coal. Its diversified or general merchandise traffic was comparatively small. Up to say 1885 it handled practically no bituminous coal whatever. When I say no bituminous coal whatever, that should be moved practically no bituminous coal. It had occasionally a car for blacksmithing purposes or something of that sort.

It was so limited that we did not consider it an item of traffic.

Q. Have you prepared a statement showing in figures the changes in the nature of the traffic? A. I have prepared a statement showing particularly the changes that have taken place since 1896.

Q. That is when the Philadelphia and Reading Railway Company came into possession of the property? A. Yes, sir. I made no comparison between the railway and the railroad.

Q. Will you file with the Examiner a copy of the statement as part of your testimony?

Witness produced statement, which is as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Tonnage of (a.) Anthracite Coal, (b.) Bituminous Coal, (c.) General Merchandise, and (d.) Total Tonnage Carried During Fiscal Years Ending 1896 to 1913, inclusive, and the Percentage Increase in the Respective Tonnage Items named, for the Year 1913, as Compared with Year 1896.

	(a) Anthracite Coal. Net Tons.	(b) Bituminous Coal. Net Tons.	(c) Merchandise. Net Tons.	(d) Total. Net Tons.
1896	11,105,153	2,232,533	8,749,665	22,087,350
1897	10,337,866	2,724,890	8,324,052	21,386,808
1898	10,600,349	3,939,117	9,862,641	24,402,107
1899	10,677,736	4,705,816	11,385,928	26,769,480
1900	11,953,262	5,084,485	14,192,019	31,229,766
1901	11,786,758	5,620,710	14,535,083	31,942,551
1902	10,601,867	6,817,538	16,413,700	33,833,105
1903	8,884,838	9,449,804	18,227,961	36,562,603
1904	12,683,579	9,026,352	16,633,220	38,343,151
1905	13,472,994	10,286,551	18,695,193	42,454,738
1906	13,279,696	11,746,110	22,353,845	47,379,651
1907	14,810,635	12,533,080	24,414,314	51,758,029
1908	15,161,959	12,114,413	19,249,682	46,526,054
1909	12,977,261	11,843,231	18,452,888	43,273,380
1910	12,241,165	14,830,063	23,260,452	50,331,680
1911	13,076,455	15,509,972	22,284,179	50,870,606
1912	12,571,938	16,582,970	22,711,791	51,866,699
1913	14,405,203	18,049,267	26,550,439	59,002,909
Percentage increase 1913 over 1896	30%	708%	203%	167%"

At one o'clock a recess was taken until two o'clock P. M.

Q. Has this change in the character of the traffic of the Philadelphia and Reading Railway Company been a mere coincidence, or has there been some conscious effort on the part of the traffic department to bring about such a result? A. No; there has been constant effort in the direction indicated by the figures shown here. The policy was at one time, prior to say in the seventies, between the seventies and eighties, to recognize the fact that the Philadelphia and Reading Railway Company was primarily an anthracite carrier, and under those conditions every effort was made to develop its anthracite tonnage. Industry, so far as it existed, manufacturing along the line of the road was encouraged to use anthracite as its fuel, and that in a measure confined the road to the carriage of anthracite and its manufactories to these concerns which could produce with the use of anthracite coal. Anthracite was, however, expensive as compared with bituminous coal, which was being developed very generally, and in view of the fact that changes had been made affiliations arranged, which gave the Reading connection with bituminous carriers, the manufacturers were then enabled to get bituminous coal in place of anthracite, and in that way they very materially cheapened their product, and that policy has been responsible for the large increase shown in the carriage of bituminous coal between 1896 and 1913. And the effect of that increase in bituminous coal to produce the results with respect to the diversified tonnage, coupled with the general merchandise, is the product of these manufacturing concerns which were encouraged and fostered through their ability to obtain bituminous coal to use for that purpose.

Q. Can you say whether, as matter of coincidence, the adversities of the Philadelphia and Reading Railway coincide with the period when its traffic was principally anthracite coal? A. It did.

Q. And has the prosperity of the Philadelphia and Reading Railway Company coincided with this growth

of traffic in other commodities than anthracite coal? A. The foundations for this growth were laid when these affiliations were made so as to enable the manufacturers and industry in the Schuylkill Valley which was served by the railroad company to obtain this bituminous coal.

Q. How near to Reading do the physical structures of the Wilmington and Northern Railroad approach? A. About two and a half miles.

Q. What is the point? A. High's Junction. High's Junction is the northern terminus of the Wilmington and Northern Railroad, and from High's Junction into Reading, that is the terminal of the Wilmington and Northern Railroad in Reading, is approximately two and a half miles. It is a little less than that, about a tenth I think.

Q. Have they always been and were they at the time of the lease entirely dependent upon the Reading system for the means of getting between High's Junction and Reading? A. Absolutely, yes.

Q. Does the Wilmington and Northern Railroad connect with the Pennsylvania Railroad at Reading? A. It does not. It never has maintained a physical connection with the Pennsylvania system at that point, or in the vicinity of Reading.

Q. Was anthracite coal at any time the principal traffic of the Wilmington and Northern Railroad? A. I think not.

Q. Is it now? A. No, sir.

Q. Give a brief statement showing the history of the traffic changes of the Wilmington and Northern Railroad during the time you have been familiar with that property? A. I have been familiar with the Wilmington and Northern Railroad ever since my connection with the Philadelphia and Reading Railroad Company, but more especially with its traffic since 1885. The importance of the Wilmington and Northern Railroad, however, in this case, as emphasized by the Government, caused me to look into the archives of the Wilmington and Northern, and I have made some notes here of information that was taken from records that are now in my possession.

Q. In a general way, what was the purpose of the building of the Wilmington and Northern Railroad? A. The Wilmington and Northern Railroad was promoted by interests that may be said to have been friendly to the Reading Railroad Company, and more especially by the iron manufacturers located at Coatesville.

Q. Coatesville is about equi-distant between the present termini of the Wilmington and Northern Railroad, is it not? A. Yes, sir; Coatesville is about thirty-two miles from Wilmington, and it is thirty miles and a fraction to Birdsboro, which was at that time the northern terminus, or about half way between the terminus at High's Junction and Wilmington on the other end.

Q. What sort of industries were located at Coatesville? A. The only industries at Coatesville were the iron interests, the iron mills and rolling mills and plate mills. The Lukens Iron and Steel Company, is a very old establishment, and was located at that point before it had any railroad facilities at all. The idea in promoting the Wilmington and Northern Railroad was primarily to obtain railroad transportation facilities in competition with the Pennsylvania Railroad, which at that time was the only rail facilities that it had. And incidentally it was understood that there were important deposits of iron ore in Chester County, and it was thought that the building of this road would develop those deposits and ultimately attract furnace people to locate along the line of the Wilmington and Northern Railroad and build furnaces and use up this ore that was to be mined in Chester County and adjacent to the Brandywine, the Brandywine Valley. In addition to that, there were a number of furnaces then in existence in the Schuylkill Valley, and those furnaces in the Schuylkill Valley along the line of the Philadelphia and Reading Railroad were anxious to secure supplies of ore from all reasonable sources, and it was believed that there would be quite a traffic developed in the transportation of iron ore from those mines adjacent to the Wilmington and Northern road to the furnaces on the line of the Philadelphia and Reading Railroad in the Schuylkill Valley. Incidentally, I believe, it was expected

that there would be quite an important development in the manufacture of iron, particularly from the rolling mill point of view at Wilmington, and, it was supposed that there would be quite an important traffic development in iron and steel at Wilmington. I say "iron." I have thus far mentioned steel, but, in those days, steel was not thought of very much. We refer to those mills now as iron and steel mills. In the earlier period it was iron entirely.

Q. Has that industry connected with the production of iron and steel been a considerable or a negligible proportion of the traffic? A. It has been the bulk of its traffic. The iron industry has expanded very considerably at Coatesville. It had its struggles and vicissitudes, but eventually it seems to have overcome them, and is now in a very flourishing condition, so that the production at Coatesville is now very greatly in excess of what it was at the time this road was projected. As to Wilmington, however, it is not very much ahead of what it was at the time of the projection of the road, especially as to iron and steel manufacture. There have been some attempts made to develop the steel industry at Wilmington, but they have not been very successful in that direction, and a number of mills and foundries that were in existence twenty years ago have been wiped out; that is, are not now in operation.

Q. During that period of which you speak has there been a very great change of any kind in the use of bituminous coal in the production of steel and iron? A. There has been about the same ratio of increase in the bituminous coal traffic on the Wilmington and Northern Railroad that there has been on the Reading, considering the smaller property and the extent of the industry on the line of the Wilmington and Northern Railroad as compared with that on the Reading. They have changed from the use of anthracite coal, to which in the earlier period they were almost exclusively confined in their manufacturing, to that of bituminous coal, which is very much cheaper fuel.

Q. Is that change in the manufacture of steel products generally throughout the country, or are you referring es-

pecially to Coatesville? A. No; it is general. That is the situation generally.

Q. That bituminous coal and coke have displaced very generally anthracite coal in the production of steel products? A. Yes, sir. The time was when there was some twenty-five or thirty blast furnaces in operation on the line of the Philadelphia and Reading Railroad Company that were using anthracite coal in the smelting of iron exclusively. There is not a furnace in existence or in operation to-day in the Schuylkill Valley that is confined exclusively to the use of anthracite coal. Anthracite, where it is used at all, is used in a very small proportion to the total amount of fuel used in the smelting process.

Q. How far is it from Birdsboro to the nearest productive coal region in the anthracite field? A. From Birdsboro to the Schuylkill region or the mines south of Broad Mountain would be about forty-five miles.

Q. That is as close as the Wilmington and Northern gets to the anthracite fields? A. That is as close as it gets or ever did get.

Q. Why, from a traffic standpoint, should not the Wilmington and Northern carry vast quantities of anthracite coal for transshipment over the piers at Wilmington? A. There are two reasons why it should not do that. In the first place it originates no anthracite coal on its line, it is dependent on some other anthracite carrier to supply it with that traffic; and, in the second place much would depend on the facilities that were provided at Wilmington for transshipment. If the facilities provided at Philadelphia, or some other port were inadequate or insufficient to accommodate all of the coal that was being transported to the port for transshipment, Wilmington might stand a possible chance of securing some of that business. But, as matter of fact, it never did secure any of it, and never made provision for it.

Q. What is the depth of water at the terminus of the Wilmington and Northern in that vicinity? A. The Delaware River pier was constructed in 1882, I think, and when it was completed they had about nine feet of water at

low tide off the end of the pier. The pier was about 540 feet long.

Q. As a general shipping port, to what extent does Wilmington or has Wilmington ever attracted shipping? A. It has never attracted shipping as a port in any way or in any particular. In the first place, it has not got the depth of water, it has not got the piers, and, if it had the piers, it would have difficulty in getting a sufficient depth of water to accommodate sea going vessels. As a consequence, in import or export—of the latter I know of none—but as to import traffic facilities they had to anchor out in midstream and handle any importations that they wish to discharge for Wilmington or over the Wilmington and Northern Railroad on to lighters or cars that were placed on floats and put alongide of the vessel in the middle of the river.

Q. As compared with Philadelphia, what importance has Wilmington ever had in its entire history as a shipper in any line of industry? A. Insignificant. Wilmington is insignificant as compared with Philadelphia.

Q. Is it not a fact that a great deal of the materials coming to Wilmington are actually brought to the port of Philadelphia and then transshipped by rail to Wilmington? A. Yes, sir; that is a fact.

Q. Is that due to conditions over which the Philadelphia and Reading has the slightest control? A. None, whatever.

Q. What is it due to? A. The fact of the matter is that as to imports Wilmington, or anything that was immediately tributary to Wilmington, would not take once a year the cargo that is usually carried by one of these ocean vessels, and, as a consequence, the vessel is loaded for and docks at a port where it can most economically and conveniently distribute its cargo. A vessel carrying a cargo of a certain commodity, say of four thousand or five thousand tons, would dock at Philadelphia, for the reason that perhaps four-fifths of that cargo is for distribution on the line of the Philadelphia and Reading Rail-

road at interior points on the line of the Philadelphia and Reading Railroad, whereas, only one-fifth would be used by manufacturers at Wilmington. The consequence is it is more economical for the vessel to come to Philadelphia and discharge here and ship the one-fifth of its cargo to Wilmington by rail or by water, or any other way they can get it there.

Q. Which is greater in its importance as a commercial center, Philadelphia or Wilmington? A. Philadelphia.

Q. How much greater? Is there any way you can express it? A. Measured by population, Philadelphia has a population of over a million and a half of people where Wilmington has not reached the hundred thousand yet.

Q. Is it a fact or not that in the matter of transshipment at ports the availability of a return load controls in any way the port at which shipping touches? A. Well, it has some bearing on it, but much depends on the character of the transshipping. Take anthracite coal, if you please, which requires a car of a special class and construction for the transportation of that coal to tide. The port may be a port of entry and would reasonably be expected to furnish a return of lading for those cars, but, as matter of fact, the character of the import trade is such that those cars could not be used, that is, the coal cars could not be used for the import trade, to any very great extent. Take, however, in the case of iron ore, there is some opportunity to utilize the coal cars for return lading of iron ore part of the way, but, our experience is that even when those cars are loaded with ore it is going in a direction away from the mines rather than in the direction of the mines.

Q. In the early history did the Wilmington and Northern, before it was acquired by lease by the Reading, make any effort to develop a marine business in connection with its land haul? A. There was an effort made to develop marine business in connection with the railroad, whether it was the effort of the Wilmington and Northern, or whether it was expected to be developed by outside interests, I am not sure.

Q. There was an attempt, however, to do so? A. Yes, sir; there was an attempt.

Q. Was it a success or failure? A. It never materialized.

Q. When you are as a traffic executive directing the routing of anthracite coal from the coal regions to points in the south on the Baltimore and Ohio and Pennsylvania Railroad systems, what route does that anthracite take to make connection with those lines? A. Via Philadelphia.

Q. You turn all coal over to these lines at Philadelphia? A. Yes, sir.

Q. You have a junction with the two roads in the vicinity of Wilmington, have you not? A. We have a junction of the Baltimore and Ohio Railroad at what is known as Elsmere Junction, and there is a junction between the Wilmington and Northern Railroad, and what was formerly the P. W. & B., which is now a part of the Pennsylvania system at Wilmington.

Q. Why do you not route that anthracite coal by Elsmere Junction to B. & O points and via Wilmington to Pennsylvania points, as a traffic matter merely? A. It would be unwise to do it from a traffic standpoint, for the reason that every road aims to retain to its own rails the traffic which it develops for the longest possible distance that can be obtained without prejudice to the traffic or to the public.

Q. Does the B. & O. traffic department and the Pennsylvania Railroad traffic department observe that same self-protective policy in the routing of anthracite coal? A. They do. They do not want to take the business at a junction point which would give them only fifty miles if they had a hundred miles of rails over which that business could be passed without any detriment to the traffic.

Q. Before the acquisition of the Wilmington and Northern by the Philadelphia and Reading, did the Pennsylvania or the B. & O., either of them, accept anthracite coal routing via the Wilmington and Northern through the Elsmere Junction and the Wilmington connection with their respective lines? A. Not unless it gave them the same revenue

result that they would receive if the coal was delivered to them at Philadelphia or Park Junction.

Q. Has there been any change in the attitude of your two connections in respect to their adherence to that policy since the acquisition by the Reading Company of the Wilmington and Northern road. A. None whatever.

Q. Is the matter of traffic routing interwoven with this question of divisions? A. Very largely. In fact, it is a determining factor as to the route.

Q. Must you consult your connection as to the routing in view of that adherence upon the divisions? A. Always.

Q. Can you say that the routing of this traffic in anthracite is to a large extent controlled by the demands of your connections? A. It is; yes, sir.

Q. When you route anthracite coal to points on the Baltimore and Ohio Railroad in the south where do you deliver it to them in Philadelphia? A. At Park Junction.

Q. Is that by mutual arrangement with the Baltimore and Ohio? A. Yes, sir.

Q. And is that the best routing arrangement you can make with them by negotiations? A. Yes. The Baltimore and Ohio insist upon all delivery from the Reading's system to them at Park Junction.

Q. And they are in a traffic position to control that routing? A. Certainly. If we undertake to route it in any other way they can demand the same revenue from the other junction point, and do demand, as a rule, the same revenue from the other junction point that they would receive under a fair and equitable arrangement via Park Junction and by use of constructive distances for those periods of divisions it has the effect of very materially increasing the total of mileage used in the route.

Q. When you deliver anthracite coal to the Pennsylvania Railroad at Philadelphia where do you deliver it to them? A. At Belmont.

Q. Does the Pennsylvania Railroad insist upon delivery at that point? A. Yes, sir. Although there is this exception to the deliveries with the Pennsylvania Rail-

road; under an old arrangement that existed between the Philadelphia and Reading Railroad Company, and the P. W. and B. before the Pennsylvania acquired an interest in the P. W. & B., anthracite or any other traffic, that was interchanged with the P. W. & B. road was routed via Belmont and Gray's Ferry over what is known as the Chester Branch of the Philadelphia and Reading, and turned over to the P. W. & B. at Thurlow Junction, which is south of Chester.

Q. But some distance from Wilmington in the direction of Philadelphia? A. It is about twenty miles short of Wilmington. In other words, Thurlow is ten miles south of Philadelphia, while Wilmington is thirty miles south of Philadelphia.

Q. Does the Pennsylvania Railroad dictate that routing to you? A. Yes, sir.

Q. Who is the greatest competitor of the Reading system in its present condition, together with its affiliation with the Central Railroad Company of New Jersey through the majority stock ownership of that company by the Reading Company? A. The Pennsylvania Railroad Company now, and always has been.

Q. Does the Pennsylvania Railroad compete with the Reading system as thus defined between Harrisburg and New York? A. It does.

Q. Between Philadelphia and Atlantic City? A. It does; yes, sir.

Q. Between Philadelphia and Cape May? A. Yes, sir.

Q. Between Pottsville and New York? A. Yes, sir.

Q. What other points? A. There is not a point in the State of Pennsylvania, with one or two exceptions, that is valuable from a traffic point of view, and which is reached by the Reading system, which is not also reached by the Pennsylvania Railroad. That will also apply to New Jersey, like Camden, New Jersey and Trenton, New Jersey, and outside of those points, and the seaside resorts there is not very much in south Jersey which is not common to both the Reading system and the Pennsylvania system.

Q. Taking the Reading system formerly so-called in conjunction with the Jersey Central system, to what extent does that bring Northern New Jersey and New York points in competition with the Pennsylvania Railroad? Do they compete at Newark? A. Yes, sir; they are in competition at Newark, Elizabeth, Jersey City, Perth Amboy and Long Branch and points on the north Jersey coast.

Q. Do they compete at Phillipsburg? A. Phillipsburg, New Jersey, yes, sir. There is another point I think they are competitors, and that is Flemington, New Jersey. The Central branch I think is into Flemington.

Q. In early days, it is a fact shown by the record here, Government's proof, that the Philadelphia and Reading Railway, under whatever name it was going at that time, and the Central Railroad of New Jersey, and the Baltimore and Ohio Railroad, had an agreement by which they routed traffic through from Jersey City and Bound Brook over the Jersey Central from Bound Brook to Philadelphia, over the Philadelphia and Reading and from Philadelphia on over the Baltimore and Ohio system. To what extent did that agreement covering that routing preserve to the Philadelphia and Reading a means of competition with the Pennsylvania Railroad between New York harbor and eastern Pennsylvania points? A. It did not affect any of the territory that was in competition with the Pennsylvania Railroad outside of the direct line between New York and Washington.

Q. Did you ever have any business between Harrisburg and New York that needed any protection? A. I should think we did. That is where the protection was most needed, that is, between New York and Harrisburg, between New York and Pottsville, between New York and Lancaster, and Columbia, and we may put Coatesville into the same category now, and Reading, Pottstown, Phoenixville, all important points in the Schuylkill Valley and then getting over onto the Susquehanna River at Williamsport, Sunbury, Milton, and points along the east bank of the Susquehanna River, crossing the Susquehanna River at Har-

risburg, going into Carlisle and Shippensburg and into the Cumberland Valley.

Q. At what point on the Jersey Central do you normally deliver, and have you always normally delivered the traffic which moves from the various places you have just named destined to points on the Jersey Central? A. It varies. Take the traffic originating in the Schuylkill Valley south of Reading, what we call main line points south of Reading and that traffic has moved via Bound Brook.

Q. Then that traffic would have been protected by the so-called "new line" agreement of the early days? A. Not with any agreement with the Baltimore and Ohio; no, sir. The "new line" agreement to which the Baltimore and Ohio was a party protected Reading in no particular with respect to business between the points that I have just indicated to New York. Besides, that agreement was only for a limited period. My recollection is that the last one made was in 1908, and expired in 1909, except as continued by common consent.

Q. Take Harrisburg and New York as the ends of traffic channel, through what junction points and over what lines has your traffic moved for many years? A. Via Allentown.

Q. And what lines? A. The Central Railroad of New Jersey.

Q. Was that traffic channel in any way protected by the "new line" agreement? A. No. No, that would not have been protected by the agreement under review any more than the territory south of Reading.

Q. Did the "new line" agreement cover anything except between Bound Brook and New York on the Jersey Central? A. No.

Q. Then for that portion of the line between Allentown and Bound Brook it is fair to say that there was no provision in the "new line" agreement? A. It is a fair understanding that there was absolutely no protection under the agreement referred to for any traffic interchanged between the Central Railroad of New Jersey and the Philadelphia and Reading, or between the Central Railroad of New Jersey, and the connections of the Philadelphia and Reading

west of the Reading territory. Moreover, if those agreements were construed to apply to that particular traffic it would be disadvantageous from a traffic point of view both to the Central Railroad of New Jersey, and the Philadelphia and Reading, in that it would have shortened the haul of the Central Railroad, and if held to apply to the traffic beyond the line of the Philadelphia and Reading, it would also have shortened the haul, and minimized the revenue thereon for the Philadelphia and Reading, and then in addition to that, there was quite a valuable traffic which had been developed and interchanged with the Central Railroad of New Jersey at Haucks and passing to the connections of the Philadelphia and Reading at Newberry Junction, commonly referred to as the Vanderbilt lines.

Q. How has that traffic which you have just referred to, to and from the Vanderbilt lines, always been routed? A. Always been routed by Newberry and Haucks.

Q. At Haucks it goes on the line of what railroad? A. The Central Railroad of New Jersey.

Q. And then goes to New York if destined there? A. New York and tidewater and points on the line of the Central Railroad of New Jersey between Haucks and New York proper, and north on the line of the Central Railroad of New Jersey as far as Scranton.

Q. Have you any business of any magnitude between Philadelphia and Scranton involving more than your own line? A. Yes, sir; there is quite an important general merchandise traffic between Philadelphia and Scranton. Philadelphia takes pride, or its merchants do, in supplying the wholesale merchants of Scranton with their goods, in that Scranton is a Pennsylvania city, and I think that perhaps the Scranton merchants purchase quite as extensively in Philadelphia as they do in New York, and as to the amount of that traffic, it is, generally speaking, via the Philadelphia and Reading to Bethlehem, and from Bethlehem to Scranton over the Central Railroad of New Jersey.

Q. Would it have been of any traffic embarrassment to you if the Jersey Central Railroad had come under the domination directly or indirectly of the Baltimore and Ohio

Railroad or the Pennsylvania Railroad? A. Yes, sir; I think it would. The development of traffic is dependent upon various given factors, one of which is service. The rate feature, of course, is another important factor. But, you may maintain a line of rates which are on a competitive basis, but without a perfect service, you may not be able to compete with your competitor, and traffic develops with a view to giving or providing a service that is in all respects equal to that of the competitor whose system may be one unit, is very sensitive, and is interfered with materially by any disturbance in its connections, the arrangement of train schedules or anything which would tend to delay the traffic at interchange points. So that the control of the Central Railroad of New Jersey going into unfriendly hands, that unfriendly disposition might be exercised to an extent which would absolutely destroy the harmonious workings that had previously existed and so disadvantage the traffic that it would be impossible to continue in competition, and, instead of your traffic expanding it would decline simply because the traffic, like some other things, always follows the line of least resistance. Our manufacturers would gradually drift away from us and perhaps locate on lines that could insure them a better service than we could under such circumstances.

Q. I note from the maps in evidence that you have a line running down to Shippensburg to the southwest. What business do you get at Shippensburg? A. We receive at Shippensburg the traffic that is developed on the line of the Baltimore and Ohio west of Hagerstown or Weaverton, or Cherry Run. We also receive at that point the traffic which is developed on the line of the Western Maryland Railroad.

Q. With what railroad is the Western Maryland principally in competition? A. The Baltimore and Ohio.

Q. Would it have had any effect upon your ability to interchange traffic with the Western Maryland had the Baltimore and Ohio acquired the Central Railroad Company of New Jersey? A. I think it would, for the same reasons that I have already explained. I think that the influence of such an acquisition would have changed the route of that

traffic to a delivery with the Baltimore and Ohio, or an interchange with the Baltimore and Ohio at some point on its line, to be in turn brought to the Reading at Park Junction, and cutting out the line of the Philadelphia and Reading entirely between Shippensburg and Allentown, which is approximately one hundred and thirty-five miles of haul.

Q. That is, the B. & O. would have been able to cut off, or "short haul" you, as traffic men say, by 135 miles? A. Yes, sir.

Q. And reduce your revenue? A. Yes, sir. So far as the Jersey Central is concerned, it would have the same effect on the Jersey Central in short hauling the Central for about sixty miles, that is, giving the Central a thirty mile haul from Bound Brook to points between Bound Brook and Jersey City, as against ninety miles from Allentown.

Q. To what extent has the Reading developed despatch line business across country to New England, cutting out Philadelphia and New York in recent years? A. We have, particularly with respect to New England, what is known as the Central States Despatch, which is a co-operative fast freight line, also the Blue Ridge Despatch, which is another line of the same character, and then there is the Southern States Despatch which operates in the same way. The Southern States Despatch operates in connection with the Norfolk and Western Railway getting the traffic and leaving our line at Shippensburg, and moving thence to Hagerstown over the Western Maryland to Hagerstown. And the traffic on that line is quite important, and the traffic handled into and out of New England via that route is of considerable volume.

Q. To what extent has the Shippensburg route increased in tonnage since your testimony in the last case, in 1908, in the amounts received? A. This statement refers to bituminous coal, and to nothing else but bituminous coal (referring to statement). In 1908, we received from the Baltimore and Ohio 3,809,029 tons, and in 1913, 6,845,340 tons.

Q. Was that a gradual, normal increase from the lower

traffic to the higher traffic during that interval? A. Yes, sir.

Q. What did you receive from the Western Maryland at Shippensburg in 1908? A. In 1908 we received from the Western Maryland at Shippensburg 1,023,878 tons. In 1913, 1,922,955 tons of bituminous coal.

Q. At Newberry Junction you say you had a connection with the Vanderbilt system, the New York Central system? A. Yes, sir.

Q. To what extent has the business over that junction increased since your last testimony? A. In 1908 we received at Newberry Junction from the New York Central or Vanderbilt lines 3,541,556 tons of bituminous coal, and in 1913 we received 4,120,480 tons of bituminous coal.

Q. What part of that B. & O. coal received at Shippensburg went to the Jersey Central at junction points other than Bound Brook in 1908? A. In 1908 of the total tonnage received from the Baltimore and Ohio, as above named, 822,765 tons were delivered to the Central Railroad of New Jersey at Allentown. And, in 1913, 1,636,447 tons.

Q. Of the Western Maryland coal received at Shippensburg? A. In 1908, 191,213 tons were delivered to the Central Railroad of New Jersey at Allentown, and in 1913, 322,651 tons.

Q. Of the coal from the Vanderbilt lines what was the routing of that? A. That was received at Newberry Junction, and, as to that which went to the Central Railroad of New Jersey, it was delivered to that line at Haucks.

Q. How much of that is being delivered to the Jersey Central at Haucks? A. In 1913 1,160,083 tons.

Q. Of this coal that came to the Reading from the B. & O. at Shippensburg, how much of it this last year was delivered at Port Richmond piers by the Reading? A. In 1913, 1,354,889 tons.

Q. And of the Western Maryland coal how much was delivered at Port Richmond piers? A. 224,574 tons.

Q. And of the New York Central? A. 954,731 tons.

Q. How much of that was delivered by the Reading at Port Reading piers? A. From the B. & O., 1,041,162 tons. From the Western Maryland, 560,945 tons. From the New York Central system, 529,655 tons.

Q. Is it fair to say that as to all this vast tonnage the Reading had no protection as to the routing and rates under the "new line" agreement? A. Absolutely none.

Q. And what points does the Philadelphia and Reading system of railways and the Central Railroad Company of New Jersey come in contact physically? A. We get together at all of these so-called interchange points, which I will enumerate, as follows: As interchange point Bound Brook and Winslow Junction, New Jersey, Bethlehem, Allentown and Haucks, Pennsylvania.

Q. Is there any community at Winslow Junction? A. No, sir.

Q. Is that anything more than a mere physical crossing of tracks? A. That is all. And a little interchange—there is interchange there—it is not important, however.

Q. Is there any community for which the two railroads could compete for traffic? A. No, sir.

Q. You spoke about having interchange at Bound Brook. How close to the village or the borough of Bound Brook does the Philadelphia and Reading Railway run? A. Within a mile and a half.

Q. Has the Philadelphia and Reading Railway at any time ever held itself out to serve the community of Bound Brook in any way? A. No, sir; only in connection with the Central Railroad Company of New Jersey as joint routes.

Q. Proceeding to Pennsylvania, I understand you have prepared certain exhibits showing the amount of interchange at these various points you have named for the last three or four years. A. I have prepared, in order to show concretely the insignificance of the business to and from these so-called competitive points as compared with the amount of interchange.

Q. Please hand counsel on the other side copies of this

statement and file the original with the Examiner as your answer to this question. A. I produce a statement showing merchandise tonnage carried to and from points named during the fiscal year ending June 30th, 1909. The statement is as follows:—

Stations.	To and From Local Points.	To and From Points on Other Railroads.	Total.
	Net Tons.	Net Tons.	Net Tons.
Bethlehem:			
Outward	135,655	34,593	170,248
Inward	421,456	192,765	614,221
Total	557,111	227,358	784,469
Allentown:			
Outward	20,912	4,210	25,122
Inward	24,199	11,978	36,177
Total	45,111	16,188	61,299
Tamaqua:			
Outward	12,935	3,020	15,955
Inward	38,634	25,140	63,774
Total	51,569	28,160	79,729
Lofty:			
Outward	64	257	321
Inward	154	1,178	1,332
Total	218	1,435	1,653
Haucks:			
Outward	292	300	592
Inward	442	488	930
Total	734	788	1,522

* Not a single ton shown in this column went to or came from a point on the Central Railroad of New Jersey.

Q. Is any of that traffic represented in that statement carried to or from a point on the Central Railroad of New Jersey? A. No, sir. Not a single ton showing on these columns went to or come from a point on the Central Railroad of New Jersey.

I produce the same kind of a statement for the year 1910, as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Merchandise Tonnage Carried to and from Points Named, During Fiscal Year Ending June 30th, 1910.

Stations.	To and From Local Points.	To and From Points on Other Railroads *	Total
	Net Tons.	Net Tons.	Net Tons
Bethlehem:			
Outward	89,625	56,246	145,871
Inward	470,274	165,007	635,281
Total	559,899	221,253	781,152
Allentown:			
Outward	23,132	4,115	27,247
Inward	39,153	44,356	83,509
Total	62,285	48,471	110,756
Tamaqua:			
Outward	12,432	2,951	15,383
Inward	44,430	23,866	68,296
Total	56,862	26,817	83,679
Lofty:			
Outward	70	22	92
Inward	226	555	781
Total	296	577	873
Haucks:			
Outward	245	372	617
Inward	262	707	969
Total	507	1,079	1,586

* Not a single ton shown in this column went to or came from a point on the Central Railroad of New Jersey.

By Mr. Coudert:

Q. Does this statement include all freight of every kind and character? A. No, sir. Just what the statement shows, merchandise.

It is understood that the phrase "merchandise tonnage" excludes anthracite and bituminous coal and includes every other kind of traffic.

THE WITNESS:—I produce the same character of statement for the year 1911, as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Merchandise Tonnage Carried to and from Points Named, during Fiscal Year Ending June 30th, 1911.

STATIONS.	TO AND FROM LOCAL POINTS.	TO AND FROM POINTS ON OTHER RAILROADS. *	TOTAL.
	Net Tons.	Net Tons.	Net Tons.
Bethlehem:			
Outward	82,725	47,588	130,313
Inward	496,849	161,980	658,829
Total	579,574	209,568	789,142
Allentown:			
Outward	24,040	4,546	28,586
Inward	39,716	72,563	112,279
Total	63,756	77,109	140,865
Tamaqua:			
Outward	13,918	3,023	16,941
Inward	38,432	16,195	54,627
Total	52,350	19,218	71,568
Lofty:			
Outward	36	29	65
Inward	43	126	169
Total	79	155	234
Haucks:			
Outward	202	314	516
Inward	310	802	1,112
Total	512	1,116	1,628

* Not a single ton shown in this column went to or came from a point on the Central Railroad of New Jersey.

I produce the same character of statement for the year 1912, as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Merchandise Tonnage Carried to and from Points Named, During Fiscal Year Ending June 30th, 1912.

Stations.	To and From Local Points.	To and From Points on Other Railroads. *	Total.
	Net Tons.	Net Tons.	Net Tons.
Bethlehem:			
Outward	136,241	51,576	187,817
Inward	819,454	272,310	1,091,764
Total	955,695	323,886	1,279,581
Allentown:			
Outward	26,219	4,524	30,743
Inward	73,389	46,379	119,768
Total	99,608	50,903	150,511
Tamaqua:			
Outward	16,042	4,051	20,093
Inward	43,631	15,121	58,752
Total	59,673	19,172	78,645
Lofty:			
Outward	17	133	150
Inward	428	340	768
Total	445	473	918
Haucks:			
Outward	444	215	659
Inward	194	662	856
Total	638	877	1,515

* Not a single ton shown in this column went to or came from a point on the Central Railroad of New Jersey.

I produce the same character of statement for the year 1913, as follows:—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Merchandise Tonnage Carried to and from Points Named During Fiscal Year Ending June 30th, 1913.

Stations.	To and From Local Points.	To and From Points on Other Railroads. *	Total.
	Net Tons.	Net Tons.	Net Tons.
Bethlehem:			
Outward	150,936	96,512	247,448
Inward	812,902	241,672	1,054,574
Total	963,838	338,184	1,302,022
Allentown:			
Outward	27,521	6,288	33,809
Inward	65,095	62,020	127,115
Total	92,616	68,308	160,924
Tamaqua:			
Outward	7,170	3,058	10,228
Inward	28,210	17,387	45,597
Total	35,380	20,445	55,825
Lofty:			
Outward	368	6	374
Inward	362	285	647
Total	730	291	1,021
Haucks:			
Outward	306	579	885
Inward	299	756	1,055
Total	605	1,335	1,940

* Not a single ton shown in this column went to or came from a point on the Central Railroad of New Jersey.

As showing the relative importance of the interchange compared with that of the business to and from those points, I have prepared a statement showing the total number of loaded cars delivered to and received from the

Central Railroad Company of New Jersey at all interchange points, and the ratio of cars delivered to cars received, for the years ending June 30th, as stated. The years are 1899, 1902, 1905, 1909 and 1913. The statement is as follows:—

	Received.	Per Cent.	Delivered.	Per Cent.
1899	125,439	33.4	250,311	66.6
1902	136,734	35.0	253,901	65.0
1905	137,508	30.9	307,968	69.1
1909	140,262	28.8	347,511	61.2
1913	206,596	30.5	470,596	69.5

I have also prepared a statement showing the total number of loaded cars delivered to and received from the Central Railroad Company of New Jersey at the several interchange points, and the ratio of cars delivered to cars received for years ending June 30th, as stated. This statement shows the exact number of cars interchanged at these several points as mentioned, while the previous statement was in years. The statement is as follows:—

	Received.	Per Cent.	Delivered.	Per Cent.
1905.				
Allentown	35,811	26.8	97,934	73.2
Bethlehem	18,399	54.7	15,208	45.3
Bound Brook	58,428	32.3	122,656	67.7
Haucks	16,950	21.3	62,753	78.7
Winslow Junction	7,920	45.7	9,417	54.3
1909.				
Allentown	35,423	23.9	112,709	76.1
Bethlehem	22,222	54.0	18,902	46.1
Bound Brook	60,398	29.7	143,318	70.3
Haucks	14,324	19.3	60,030	80.7
Winslow Junction	7,895	38.6	12,552	61.4
1913.				
Allentown	55,469	23.9	176,275	76.1
Bethlehem	30,966	56.6	23,768	43.4
Bound Brook	88,779	32.1	187,561	67.9
Haucks	20,592	22.7	70,092	77.2
Winslow Junction	10,790	45.5	12,900	54.4

Q. You have also prepared at my request a statement of earnings on merchandise traffic interchanged with the Central Railroad of New Jersey, showing the total of the Reading earnings and the ratio of the earnings on the traffic for-

warded to the ratio of the earnings of the traffic received, and showing also the increase during those years? A. Yes, sir.

Q. Will you please put that statement in evidence?

(Witness produced statement which is as follows):—

"STATEMENT

"of Philadelphia & Reading Railway Earnings on Merchandise Traffic interchanged with Central Railroad of New Jersey Showing

"A—Total Philadelphia & Reading Railway Earnings on Traffic Interchanged

"B—Ratio of Earnings on Traffic Forwarded to Earnings on Traffic Received.

"C—Ratio of Increase for Each Year over Previous Year.

	A	B	C
1909	$1,898,008.55	70%	
1910	$2,262,556.78	70%	19.21%
1911	$2,275,608.67	70%	0.58%
1912	$2,420,747.66	69%	6.38%
1913	$2,633,305.56	70%	8.78%"

Q. Is any of this vast tonnage covered by these exhibits competitive traffic? A. No, sir.

Q. Is it what may be called interchange traffic, all of it? A. So far as this exhibition of the volume of interchange is concerned it is absolutely all interchange traffic.

Q. That means traffic which has come in over one line, either one of them, and delivered to the other? A. Yes, sir. It originates on the line of the one destined to points on the line of the other, or beyond, or originates on the line of the other and is destined to points on the one, or to some point beyond.

Q. And none of that vast volume is competitive? A. No.

Q. All complimentary or supplementary service of one road to the other? A. Yes. The interchange could not be made unless it were complimentary. That is not as to the local business. As to these exhibits showing the local

business handled at these several interchange points, it is not competitive, for the reason that we are not in competition with the Central Railroad of New Jersey, if you please, between Bethlehem and points on the Central Railroad of New Jersey between Bethlehem and New York, so that the business that we show as having handled at that point is that which originates at some point on our own system or came to us from a connecting line west or northwest of our system.

Q. You say you are not competitive with the Jersey Central from Bethlehem to New York. Why is that? A. The lines serve entirely different territory. The roads diverge from those points. Here is the Central Railroad of New Jersey from Bethlehem going in an entirely different direction from that of the Philadelphia and Reading Railroad from Bethlehem. The same is true at Allentown and the same is true at Haucks. As matter of fact, there is no business at Haucks.

Q. Is there any community at Haucks? A. No, sir.

Q. That is simply like Winslow Junction, a crossing of the tracks? A. The employees have a hard time to get houses at those points.

Q. Can you by the wildest stretch of the imagination conceive of any point on the lines of the Jersey Central and the Reading, both as to which the two roads would be in competition from Bethlehem? A. I am afraid I would have to stretch the imagination to the breaking point. As a matter of fact there are no points that are competitive except those points to which there is no business. For instance, you might consider that the Central Railroad of New Jersey and the Philalelphia and Reading were in competition with each other between Bethlehem and Haucks. I am perfectly willing that the Central Railroad shall have all the business that there is coming from Bethlehem to Haucks.

Q. Are you perfectly willing the Lehigh Valley should have it? A. Yes, sir.

Q. Would that be a roundabout inoperable route via your line? A. Yes, sir; it would.

Q. I am speaking merely from a traffic standpoint? A. Yes, sir; but still I would not like to lose sight of the fact that there is no business going from Bethlehem to Haucks and it is hardly worth while to enlarge upon the feasibility of one route as against another.

Q. Is your answer true or not as applied to these other points of contact. Is there any point of competition, or could there be between the Jersey Central and the Reading between points common to the two roads? A. No; nothing that could be considered momentous or important in any respect.

Q. As respects anthracite coal traffic, is there any anthracite coal traffic originating at these various points of contact that you have described? A. No.

Q. Is there any bituminous coal originating at those points? A. No.

Q. Is it proper then to say that the statistics as to merchandise traffic cover the traffic which offers at these points? A. Yes, sir.

Q. The two railroads, the Reading system and the Central Railroad of New Jersey, come very close together at Haucks and Tamaqua, do they not? A. Yes, sir.

Q. In what way are they separated in the vicinity of Tamaqua? A. By the intervention of what always has been known as the Panther Creek Railroad rails and is now understood to be or said to be the Lehigh and New England.

Q. The Government has put in as one of its exhibits what is known as the Ruley map of 1908, and I notice from the legend on this map that the Philadelphia and Reading Railway Company is marked "A" and the Central Railroad of New Jersey is marked "C," and that then in a further elaboration of the legend the various collieries and various regions are named and are given these indicative letters to show upon the rails of which railroad the various collieries in the region are located. Starting with the Carbondale district in the Northern Field, I observe that there is no "A" or "C" in that district, indicating that the Philadelphia and Reading Rail-

way and the Central Railroad of New Jersey, neither one of them, reach that district? Is that now the fact? A. It is.

Q. Coming to the second district known as the Scranton District, still in the Northern Field, I find that there is no "A" and no "C" within that district, indicating that neither of the railroads, the Philadelphia and Reading Railway or the Central Railroad Company of New Jersey, serve collieries in that district? Is that the fact? A. That is the fact.

Q. Coming to the third or Pittston district, still in the Northern Field, I observe that there is no "A" and no "C" indicating that neither the Philadelphia and Reading Railway nor the Central Railroad Company of New Jersey serve that district? Is that the fact? A. That is the fact.

Q. Coming now to the fourth district, the Wilkes-Barre district, still in the Northern Field, I observe that there is no "A" indicating that there is no service rendered by the Philadelphia and Reading Railway in that district, but that there are several "C's" indicating that several collieries in that region are served by the Central Railroad of New Jersey? Is that the fact? A. That is correct; yes, sir.

Q. Coming next to the Plymouth district, I observe the same conditions which obtained in the Wilkes-Barre district, namely, that the Philadelphia and Reading Railway serves no colliery, and the Central Railroad Company does? Is that the fact? A. That is the fact; yes, sir.

Q. Coming next to the Green Mountain district, in the Eastern Middle Coal Field, I find that there is no "A," indicating that the Philadelphia and Reading Railway serves no colliery in that region, but there are "C's," indicating that the Central Railroad of New Jersey does so serve collieries in that region? Is that the fact? A. That is the fact, yes, sir.

Q. Coming to the next district, number seven, Black Creek District, in the Eastern Middle Coal Field, I note there is no "A," but there is one "C," indicating that on

the rails of the Central Railroad Company of New Jersey there is a colliery in that district? Is that the fact? A. Yes, sir, it is.

Q. Coming next to district number eight, the Hazleton district, still in the Eastern Middle Coal Field, I find that there are neither "A's" nor "C's," indicating that neither the Philadelphia and Reading Railway nor the Central Railroad of New Jersey serves that district? Am I correct in that? A. Yes, sir.

Q. Coming next to number nine, the Beaver Meadow district, I find there are no "A's," indicating that the Philadelphia and Reading Railway Company serves no collieries in that district, but that there is a "C," indicating that the Central Railroad Company of New Jersey serves one colliery in that district. Is that correct? A. Yes, sir.

Q. Coming next to the Western Middle Field, the East Mahanoy district number ten, I find that there are no "C's," indicating that the Central Railroad Company of New Jersey does not serve that district, but that there are a number of "A's," indicating that the Philadelphia and Reading Railway does serve that district? Is that correct? A. That is correct.

Q. Coming next to the West Mahanoy district, No. 11, still in the Western Middle Coal Field, I find that there are no "C's" indicating that the Central Railroad Company of New Jersey does not serve that district, and that there are numerous "A's" indicating that the Philadelphia and Reading Railway Company does serve that district? Is that correct? A. Yes, sir; that is correct.

Q. I come next to the Shamokin district, No. 12, still in the Western Middle Coal Field, I find there are no "C's," indicating that the Central Railroad Company of New Jersey does not serve that district and that there are numerous "A's" showing that the Philadelphia and Reading Railway Company does serve that district? Is that correct? A. That is correct.

Q. Coming next to the Southern Coal Field, section No. 13, or the Panther Creek district, I find numerous "C's,"

indicating that the Central Railroad Company of New Jersey serves that district? Is that correct? A. That is not correct; no, sir. The Central Railroad Company does not serve any collieries in the Panther Creek, as I understand it.

Q. There are no "A's," however, indicating that the Philadelphia and Reading Railway Company does not serve that district? Is that correct? A. The Philadelphia and Reading Railway Company does not serve that district.

Q. Coming next to the fourteenth, the East Schuylkill district, there are no "C's." I find there are no "C's," indicating that the Central Railroad Company of New Jersey does not serve that district and that there are numerous "A's," however, indicating that the Philadelphia and Reading Railway Company does serve that district. Is that correct? A. Yes, sir; that is correct.

Q. Coming next to fifteen, the West Schuylkill district, I note that there are no "C's," indicating that the Central Railroad Company of New Jersey does not serve any colliery in that district, and there are several "A's," indicating that the Philadelphia and Reading Railway Company does serve collieries in that district? Is that correct? A. That is correct.

Q. Coming next to No. 16, the Lorberry district, still in the Southern Coal Field, I note that there is a single colliery which is served by the Reading Railway Company, and that is indicated by the letter "A?" Is that correct? A. Yes, sir.

Q. There is no "C," indicating that the Central Railroad Company of New Jersey does not serve that district? Is that correct? A. That is correct.

Q. Coming to number seventeen, the Lykens Valley District, I observe there is no "C", indicating that the Central Railroad Company of New Jersey does not serve any colliery in that district, but that there are several "A's", indicating that the Philadelphia and Reading Railway does serve collieries in that district? Is that correct? A. That is correct.

Q. As a matter of traffic conditions, has there ever

been in the anthracite coal regions any practice of a railway serving collieries of anthracite coal other than the collieries located physically upon its own lines? A. No, sir.

Q. Is there any traffic policy generally obtaining among traffic managers of railways as respects the relation of the rates to industries on their own lines and the rates to or from similar industries on connecting lines on the same kind of commodity? A. Yes, sir. In a general way, the policy is, so far as the rate structure is concerned, to give advantage to the traffic which is originated and can be distributed locally on the line of the road on which the business originates.

Q. Take the steel furnaces. Do you adopt a traffic policy which creates a rate structure more favorable to placing steel products from furnaces on your lines at destinations on your lines than from furnaces in Pittsburgh or Wharton, New Jersey to the same destination on your lines? A. Yes, sir. The joint rate, wherever such a rate is necessary, is not made upon as low a basis as the local rate is made. Of course, the instance that you have particularly referred to may be unfortunate for the comparison.

Q. I want to take the most unfortunate one. A. The rate on pig iron, if you please, from furnaces at Wharton, New Jersey, to any given point on the Philadelphia and Reading Railway, could not, under any circumstances, be as favorable to the manufacturer at Wharton as would be the rate from a blast furnace on the line of the Philadelphia and Reading Railway to the same destination.

Q. Take it on anthracite coal. Is there any traffic condition which would make it normal or natural or usual to make a joint rate on anthracite coal to Philadelphia and Reading points the same as your local rate? A. No. I would consider it simply economic waste. There is no reason at all why the rates on anthracite coal from some other region or from some other road carrier should be as low as the rate from the Schuylkill region, if we were

having difficulty to find a market for the anthracite that was produced on the line of our own road.

Q. That is, you would regard it as a sound traffic policy to prefer to that extent shippers of any commodity on your own line over the shippers of some other territory coming into your territory on your line? A. Yes, sir; not only a sound traffic policy, but a sound business policy.

By MR. COUDERT:

Q. And you do do that? A. Yes, sir.

By MR. REYNOLDS:

Q. Do you do that on all kinds of traffic? A. Yes, sir. To the extent that we can.

Q. You spoke of an economic waste of such traffic routing. Does that sort of traffic routing involve any amount of clerical and managerial work in the through routing and joint accounting and through billing and interchanging of cars *per diem* accounting? A. Yes, sir. All those features are involved in the handling of joint traffic.

Q. All of them are avoided by confining your operations to your own line? A. Yes, sir. But in addition to the economic waste, there is also the loss of revenue which is involved in the same proposition.

Q. That is, your joint rate would always mean that your division would be a little less than your local? A. The joint rate will never yield us the same revenue for the same haul that the local rate yields us.

Q. Take the extremities of your line and the Jersey Central line where they come closest together in the coal regions along the dividing plateau between the water shed on the Lehigh and the water shed on the Schuylkill are there any active coal operations of any importance other than those of the Lehigh Coal and Navigation Company? A. Only one that I can recall.

Q. That is Coleraine? A. That is Coleraine, yes, sir.

Q. In order to reach Coleraine, how does the Central Railroad Company of New Jersey come in? A. They come in via Lofty and use our tracks for a short distance,

and then in on the tracks of the Coleraine Colliery Company.

Q. So that as to that small operation they are dependent upon the Philadelphia and Reading Railway Company to reach that colliery, and do not reach it independently over their own rails? A. That is correct.

(Adjourned until Friday, March 20, 1914, at 11 o'clock, A. M.)

PHILADELPHIA, Friday, March 20th, 1914, at 11 o'clock A. M.

Present—The Examiner; Messrs. Coudert, Kingsbury and Gordon, Special Assistants to the United States Attorney General, for the Government; Messrs. Heebner, Reynolds, Turner, Marvel and Beitler, representing the defendants.

Examination of JOHN F. AUCH, resumed:—

By MR. REYNOLDS:

Q. Have you at my request prepared a statistical statement showing the character of the tonnage of the Wilmington and Northern Railroad Company for typical years prior to the lease and subsequent to the lease of its property to the Reading? A. I have.

Q. Please hand that statement to the Examiner and to counsel for the Government. (Witness produced the following statement):—

"PHILADELPHIA AND READING RAILWAY COMPANY.

Statement Showing Separately, except as noted, Tonnage of

(*a.*) Anthracite Coal.
(*b.*) Bituminous Coal.
(*c.*) Other Freight.
(*d.*) Total Tonnage.

Carried by Wilmington and Reading Railroad Company and its Successor, the Wilmington and Northern Railroad Company during fiscal years stated as follows:

	(a) Anthracite Coal.	(b) Bituminous Coal.	(c) Other Freight.	(d) Total Tonnage.
	Tons.	Tons.	Tons.	
*1870	15,744	19,774	45,685	81,203
†1871	45,388	34,339	93,516	173,243
†1872	68,267	43,153	153,153	264,573
‡1877	50,373	37,018	130,439	217,830
‡1881	122,226	63,105	275,118	460,449
‡1885	182,868	¶	338,414	521,282
‡1890	302,779	¶	481,481	784,260
‡1894	265,810	¶	510,222	776,032
‡1898	393,450	¶	779,269	1,172,719
§1900	141,246	218,043	1,242,340	1,601,629
§1905	112,145	370,806	1,444,438	1,927,389
§1910	208,981	979,964	1,760,413	2,949,358
§1913	191,234	900,139	1,965,330	3,056,703

* 10 months ending October 31.
† Year ending October 31.
‡ Year ending December 31.
§ Year ending June 30—operated under lease by Philadelphia & Reading Railway Company.
¶ Included in anthracite tonnage."

Q. In the years 1885, 1890, 1894 and 1898 I observe that the reports group all coal together, both anthracite and bituminous? A. Yes, sir. That is due to the fact that during those years there was no separation made as between anthracite and bituminous coal sold.

Q. As to the other years the books of the company indicate the separation? A. Yes, sir.

Q. Have you ever had any connection whatever with the Central Railroad Company of New Jersey, or have you now? A. None whatever, no, sir.

Q. Is your traffic department in any way a part of the traffic department of the Central Railroad of New Jersey, or *vice versa?* A. It is not.

Q. Do you maintain your separate soliciting agencies as you had them before 1901? A. Yes, sir.

Cross examination.

By Mr. Coudert:

Q. The rates on anthracite coal on your railroad have been the same or practically the same for some time, have they not? A. Generally, yes, sir.

Q. Do you know for how long they have been practically the same? A. I should say fifteen or twenty years, with, of course, the exceptions that some unimportant changes or readjustments may have taken place during that period. I would not say that all of the rates had been absolutely the same for that period.

Q. Therefore, in reaching those rates the elements that were taken into consideration were elements existing largely at that time, and which may or may not have changed since? A. Rates do not always change when there is an element that justifies the change.

Q. No elements, therefore, have supervened which, in your judgment, as a railroad man and rate maker, justified any change, and, consequently, there has been no change? A. Yes, sir; I think there have been some intervening elements that would have justified.

Q. Other than those trifling changes to which you referred? A. In a more general way.

Q. Explain. A. As I said a moment ago, it does not follow because there are changes in elements or factors which affect the rate that the rate is changed in accordance with those elements or factors.

Q. The price of coal is necessarily largely dependent upon the rates, is it not? A. I do not think it has anything to do with it.

Q. Will you explain why you think that? A. The price of coal is a commercial proposition pure and simple. The price of coal is certainly not regulated by the freight rate.

Q. Nor affected by it? A. It may be affected to some extent, but, it is not the controlling factor.

Q. Is it not a very large factor? A. No; I would not say that it was a controlling factor.

Q. Let me put you this supposititious case. Suppose the

coal was transported to tidewater by one of the roads free of charge for freight rate, do you suppose that would not affect the price of the coal? A. I do not think it would.

Q. You do not think so? A. I do not.

Q. So that your opinion is that the freight rate does not practically enter into the cost of coal to the consumer for any substantial amount? A. No. I said before I do not think it is the controlling factor. Let me explain. I assume that you are talking about our freight rate on anthracite coal?

Q. Yes. Freight rates generally. You can confine it to your own if you please. A. Supposing we carried coal from the anthracite regions to tide at Philadelphia free, and considering the comparatively small portion of the anthracite coal that we carry to tide, the rate is not changed by other transportation companies, do you suppose that the producers are going to sell their coal at Philadelphia at any less price simply because the Philadelphia and Reading Railway elect to carry that coal free?

Q. I do not know. I ask you. A. I say no.

Q. So that, in your opinion, if the Philadelphia and Reading Railway, struck by some impossible philanthropic motive, decided to transport all its coal to tidewater for nothing at all, that would not affect the price of coal at tidewater? A. It might have some slight effect upon it. It would not determine the price of coal at tidewater.

Q. Do you mean that a shipper who could transport his coal to tidewater for nothing, or at a greatly reduced freight rate, compared with shippers on other railroads, would not have great advantage in the market? A. I am not discussing the advantage of the shipper at all.

Q. Could he sell his coal cheaper? A. I think probably he could if he elected to do so, but, the question is, whether he would or not.

Q. Do you not know, as a matter of fact, the two great elements fixing the price of coal are the cost of production and the cost of transportation? A. They are, in a measure.

Q. In what measure? You are a practical railroad man of many years' experience. Tell me in what measure. A. I should say the cost of transportation is not the controlling factor in determining the price of coal. There are other considerations from the commercial point of view of fixing the rate. That is proven by the fact that the rates on anthracite coal from the mines, as a whole, taking the entire region vary considerably, the rates are not the same from all the mines to given destinations, and never have been, yet, we frequently find that the price of coal, that is, the retail price of coal, at points where the freight is less, is really higher than at points where the freight rate is greater.

Q. What is the freight rate on a ton of coal from your mines to Port Reading, New York, say prepared sizes, large sizes? A. Do you mean the tide rate?

Q. The tide rate. A. $1.55 on the prepared sizes.

Q. What does the coal sell for when it gets there? A. I do not know.

Q. But you know what it ordinarily sells for? A. No, sir. I am not in the sales business.

Q. That coal sells for five dollars. One dollar and fifty-five cents is a very considerable proportion of five dollars, and yet, you contend that the price which the shipper has to pay does not affect the price which the consumer has to pay, and that if that coal, instead of paying $1.55, went without paying anything, it would, nevertheless, cost the consumer $5? A. That may be.

Q. Of course, if that is so, it reverses all economic beliefs and postulates, and it would be interesting to know your reason for that deduction? A. I have never known the freight rate on any commodity to determine the market value of the production or the commodity.

Q. Is it your idea that the price of coal is fixed by other factors entirely than the freight rate, and, therefore, that is not to be taken into consideration? A. That is not the controlling factor; no, sir.

Q. Would you say it was so completely fixed by agree-

ment among the coal companies, that whether it costs five dollars a ton to transport it, or whether it cost nothing to transport it, the price to the consumer of the coal would be the same? Is that your position? A. I would say that commercial conditions determine the commercial value of the commodity—market conditions and the difference between what the commodity is sold for, and what it pays in freight transportation, is the price that is realized for the commodity by the seller.

Q. I do not know whether I understand you. Do you mean that the price is fixed by the cost of the product plus the transportation and the profit? A. No, sir. I mean that the market conditions whereby this commodity is undertaken to be marketed determine the price. The freight rate on transportation is fixed; that is not a movable factor. The freight rate does not vary with every variation of the price of the commodity.

Q. But does it not enter into the market as one of the two major elements making the price as fixed in the market? A. If there are no other factors to be considered, I assume that the price of the coal at tidewater would be the cost of production plus the transportation. But, I do not think that that is the condition perhaps nine times out of ten.

Q. State some of the other conditions that supervene. A. Suppose I had a million tons of coal that I wanted to sell, and I could only find a market for it in New York. I could find a market for it in New York, but when I go into the New York market I find that the only price that I can get for that coal is $4.50 a ton, I know perfectly well there is no use of my going to the transportation company and asking for a reduction in the rate of $1.55. I have simply got to pay the $1.55 and deduct it from the price which I can get for the coal at New York.

Q. How is that $4.50 made up and comprised? What are the basic elements that enter into that, as matter of fact? A. I do not think it pays any attention to the basic elements at all. I am simply trying to sell my coal.

I have got that coal and I want to get rid of it. I can get no more for it than the market will give me. I would not go to some other coal company and ask them to reduce their price of coal or put up their price of coal or anything of that sort.

Q. Would you say that if a shipper on one line could send his anthracite coal to New York at fifty per cent. of the rate which the other shippers on other lines had to pay, that that would not enable him to successfully compete against them? A. I would say that if one particular shipper on any particular line could send his coal to New York for fifty per cent. less than I could send it there, that there was an opportunity for that particular shipper to realize that difference in the price of his coal.

Q. And to put you out of business if he chose to undersell you? A. Yes; he might do that, if he had money enough.

Q. If the railroad company owns the coal mines and the freight rate on coal is reduced, can it not perfectly well recoup that loss by raising the price of coal? A. Could it raise the price of coal beyond the market price?

Q. By raising its price of coal to the highest point that it can get, of course? A. I do not think that the coal company would undertake to fix its price above the market value of the commodity. I do not just see where the possibilities of one recouping against the loss of the other comes in.

Q. You do not think, then, as Vice-President of the Reading, and all your great knowledge of its workings, that if the freight rates were reduced on anthracite coal, the Philadelphia and Reading Coal Company could raise its price of coal? A. What they could do, of course, is problematical. Nobody can tell what they would do. That is all I can say.

Q. Could they do it? A. You understand, I do not pretend to have any voice in the fixing of price of anthracite coal, either at the mines or at New York, or Boston, or anywhere else. Just what would be done in a matter of

that sort, from a commercial viewpoint, of course, I do not know.

Q. The president of your company made the following statement: "We shall not reduce the rate," (referring to the Reading), "but, of course, if the reduction in your rate interferes with our business, the coal company will be compelled to lower the price of coal." Do you dissent from that statement of it? A. Was that statement made as the president of the railroad company, or was it the statement of the coal company?

Q. It appears upon page 314 (printed page 161) of the record in a letter from Mr. George F. Baer to T. P. Fowler, on the paper of the Philadelphia and Reading Railroad Company, President's Office, Reading Terminal, Philadelphia, October 31st, 1906. (Copy of letter referred to handed witness.) A. I would understand that letter to mean that so far as concerned the freight rate, conditions did not warrant a reduction therein. And, as to what might happen with respect to the price of coal, that was conjectural.

Q. The president states that in the event of another railway lowering its freight rates, that the Coal Company will be compelled to lower the price of coal. Do you dissent from that proposition or not? Are you in agreement with the president, or are you against him?

MR. REYNOLDS:—That statement is not susceptible of a statement of economic principle. That is not what the word "compelled" means there in the context. A. The president evidently foresaw that the freight rate was not going to be lowered, and, if necessity arose to have the coal company change its price of coal in order to meet those conditions, that is, to enable it to market its coal in the territory where the reduced rate prevailed, the Coal Company might be compelled to change its price of coal.

By MR. COUDERT:—

Q. Then a reduction, if it did not meet the competition in one way, that is, by reducing its rate on freight, would meet it in another by reducing its price of coal? Is not that exactly what he means, and is not that exactly what would

happen? A. That is what is suggested there. I do not know that that is what is meant.

Q. You have no reason to consider the President was not right in that matter? A. I do not know. I think it is largely a question of opinion.

Q. You said a moment ago you were not a coal man. I understand he is. He is President of the Coal Company, is he not? A. I do not know whether he is a coal man or not.

Q. He is President of several coal companies? A. He is President of the Philadelphia and Reading Coal and Iron Company.

Q. You would follow his judgment on the question of prices of coal? A. I have no reason to take exceptions to it.

Q. And never have? A. No.

Q. I read you the following statement and ask you if it does not represent the true situation as regards the rate between freight and cost of production, and the statement is taken from a letter of Mr. T. P. Fowler, President of the Ontario and Western, to Mr. Baer, and appears in the record at page 315 (printed page 162). He says, "I am convinced that the division of the market price between the producer and the transporter, as expressed in tariff needs readjustment at once. I use the term 'division' because the business since its inception, has been conducted on the basis of percentage (*i. e.*, division) and that fact is universally known and has been admitted by both sides in every controversy over the rate." That is true, is it not? A. It may have been true then. It is not true now.

Q. The date of that is 1906. I understand that was true then, but is not, in your judgment, true now? A. I say it may have been true then.

Q. But is not true now? A. No.

Q. Kindly explain to me the conditions that have taken place since that that make that proposition inapplicable. A. I think I stated on the 17th, as I have stated a few moments ago, we cannot maintain a changeable freight schedule under existing law or conditions.

Q. You did so state, and I understand you also to state that the rates have been practically the same for fifteen or twenty years back, and I am referring to the time, 1906, when the rates were as they are now. So there has been no change, has there? A. I did not suppose you were referring to the rates of some other carrier when you asked me as to the general stability of rates with respect to the Philadelphia and Reading Railway.

Q. I was asking you about rates generally. Is not that statement I have read of all rates, including those of the Philadelphia and Reading Railway, and, if not, what change has taken place in the Philadelphia and Reading Railway rates since 1906? A. The changes that I have previously referred to, and I am not by any means sure that those adjustments that are referred to in that correspondence were applicable so far as the Philadelphia and Reading Railway was concerned. I was not in general charge of the rates at that time, and I did not undertake to fix or determine the freight rates on anthracite coal.

Q. Then you have not any information on that one way or the other and do not care to commit yourself on it? Is that your attitude? A. As to the time prior to when I took charge, I have no information at all as to what the effect of the methods then pursued with respect to the freight rate may have been.

Q. But you think that since the time you took charge, although there has been no substantial change in the freight rate, yet the freight rate has a different effect on the price of coal then the time anterior to your taking charge? That is what I understand you to say? A. I would not say that there was no change. That refers to a tide rate absolutely. I would not say that there had been no change in the tide rate, and I did not intend to say that there had been no change in the tide rate when I said generally the rates had been in effect for fifteen or twenty years.

Q. What do you mean by "tide rates?" A. The rates that are referred to in that correspondence. That is, those

rates that were adjusted on the selling basis of the coal at tide.

Q. You are speaking now of the sixty-five per cent. contracts, are you not? A. That is the way it is commonly referred to; yes, sir.

Q. Is it not a fact that in 1906, the freight rates on anthracite coal of the Philadelphia and Reading Railway Company from the coal fields to tidewater were similar to what they are now? A. I think so.

Q. If they were not you are perfectly at liberty to correct it from the statistics. I have no desire to overstrain your memory, but, I understand that to be the fact. Assuming that the rate from the Schuylkill regions on anthracite coal to tide at Port Reading was at that particular time the same as it is to-day, what effect would that have on coal shipped from the same regions to New York tide? You have been forty years in that business. If you will answer my question I will be very much obliged.

(Question read to the witness.) Say yes or no to that, and if you desire to confer with counsel as to your recollection as to those rates, I have not the slightest objection. A. It is not necessary to confer with counsel on that particular point. It is simply a question of rates.

Q. Look over the tariffs. A. The only way I could answer it would be to look over the tariffs. My impression is that the rate in 1906, that is, the Philadelphia and Reading Railway rate to tide at that time was the same as it is now.

MR. COUDERT:—If it was not I am perfectly willing that you should correct it.

Q. Then that being the fact, how is it that Mr. Baer at that time was troubled because he feared other roads would reduce their rates, and that might compel him to lower the price of coal? That would be true to-day, would it not? A. Yes, sir. There is that situation to contend with always, with the variations in the freight rates as between one locality and another on any given commodity, if the seller wants to go into a particular market where those conditions

prevail, he has got to meet those commercial conditions and adjust his prices.

Q. If of two roads starting somewhere in the coal fields generally and both going to tide at New York, the rates on the one were considerably lower than the rates on the other, would not the shippers prefer the one on which the rates were lower? A. I assume that they would, if it was possible for the shipper to use the line over which the lower rate prevailed.

Q. Would that apply to all shippers, or only to the so-called independent shippers who have no relations with the railroad? A. It would apply to any shipper I should think. I have never found a shipper yet that was not willing to take advantage of the lowest possible price.

Q. I assume that such a shipper would of necessity, unless there were other circumstances. Have you any doubt that the Philadelphia and Reading Coal and Iron Company would ship its anthracite to tidewater by the route giving them the cheapest freight rate? A. I do not think I understand that question.

(Question read to the witness.)

A. If it were physically possible for them to avail themselves of such a route, I would assume so.

Q. In other words, they would act precisely the same as any other shipper, would they not? A. Certain. I should think so.

Q. Do you know whether or not, as matter of fact, the rates to New York at tidewater on the roads running from the coal fields to New York tidewater are not similar? A. There are variations in the rates from the various fields.

Q. Can you tell me in a general way, without going into detail, what is that difference? Take the railroads going direct to New York tidewater, or having termini there, what are the differences in their rates; how substantial? A. Perhaps you would prefer if I would offer in answer to that inquiry certified copies of the tariffs. I will file this sheet with the Examiner.

"RATES ON ANTHRACITE COAL TO TIDEWATER SHIPPING POINTS IN NEW YORK HARBOR AND VICINITY.

The following are the net rates, as published by the various carriers, and include dumping into vessels alongside piers:

	Prepared.	Pea.	Buckwheat.	Smaller Sizes.
Rates as published by Erie R. R. to Edgewater and Weehawken, N. J.	$1.60	$1.45	$1.30	$1.15
Rates as published by C. R. R. of N. J. to Elizabethport Pier (Elizabethport), N. J., and Port Johnson, N. J.	1.55	1.40	1.20	1.10
Rates as published by C. R. R. of N. J. to Communipaw Pier (Jersey City), N. J., and Port Liberty, N. J.	1.60	1.45	1.25	1.15
Rates as published by the Pennsylvania R. R. to South Amboy, N. J.	1.40	1.25	1.15	1.15
Rates as published by the Lehigh Valley R. R. to Perth Amboy, from the Lehigh and Schuylkill Regions.	1.55	1.40	1.20	1.10
Rates as published by the Lehigh Valley R. R. to Perth Amboy, from the Wyoming Region	1.40	1.30	1.15	1.10
Rates as published by the D. L. & W. from collieries and washeries located on Bloomsburg Branch at Scranton, South Scranton, Taylor and on Main Line each of Junction of Bloomsburg Branch in Scranton, to New York Lighterage Station, N. J.	1.33	1.24	1.09	.98
Rates as published by the D. L. & W. from producing territory other than indicated above	1.58	1.43	1.28	1.13
Rates as published by the P. & R. Ry. to Port Reading, N. J.	1.55	1.40	1.25	1.10
Rates as published by the P. & R. Ry. to Port Liberty, N. J.	1.60	1.45	1.30	1.15"

Q. I note in looking over that detail and written answer here that the rate as published by the Central Railroad of New Jersey to Elizabethport Pier and Port Johnson is similar to that of the rate as published by the Philadelphia and Reading Railway Company, Port Reading, New Jersey. That is the fact, is it not? My question refers to the prepared sizes. A. This statement shows that the rate on prepared sizes as published by the Central

Railroad of New Jersey and the Philadelphia and Reading is the same, $1.55.

Q. If the rate on the Central Railroad of New Jersey was reduced by fifty per cent., we will say, is there any doubt that the anthracite that now comes over the Philadelphia and Reading to Port Reading would go over the Central to Communipaw and Port Liberty? A. Any doubt?

Q. Have you any doubt of it? A. I certainly have. How would it get to the Central Railroad of New Jersey?

Q. Do you mean to say that it could not get from the coal fields to the Central Railroad of New Jersey by any railroad connection now existing? Is that your answer? A. That would be my answer; yes, sir.

Q. And that that is an impossibility? That it could not originate on the Philadelphia and Reading and go over the Panther Creek or over any other railroad to any junction point with the Central? A. The Central Railroad of New Jersey, or no other railroad, would publish rates from points on the Philadelphia and Reading Railway, so that any change in the tariff of the Central Railroad Company of New Jersey could not affect the the rates.

Q. I did not ask you that. A. You are talking about the rates.

Q. If the rates on the Central Railroad of New Jersey were to become one-half of what they were on the Philadelphia and Reading, would it not be to the interest of shippers on the Philadelphia and Reading to pay the local rates on the Philadelphia and Reading up to a junction point with the Central and proceed thence to tidewater? A. It might be considered in the interest of the shippers to do that sort of thing, if there was any possibility of the thing happening that you assume.

Q. Therefore, if in the event of this assumption of a very strong reduction in rates on the part of the Jersey Central, the coal which now goes to Port Reading would go to the Central terminals, it is, therefore, merely a question of rate lowering or rate changing, as to which

that coal would take? A. Yes, sir. We have no right to assume that the Central Railroad Company of New Jersey, the Lehigh Valley, or any other road is going to reduce its rates fifty per cent. or ten per cent., if you please, if the present adjustment of rates is no more than is necessary to pay for the cost of transportation, plus a reasonable profit for contingencies.

Q. Assuming the fact that there was a rate lowering on the Central, would it not simply be a question how great that lowering was, as to whether all the coal would not go that way rather than by the Philadelphia and Reading? A. There might be some very serious question, even under those circumstances and with that assumption, as to whether all the coal would go that way. It would depend very much on the capacity of the Central Railroad of New Jersey to take care if it, and its terminals. Just as was said in the case of the Philadelphia and Reading a few moments ago, you might carry coal free and still you would not be able to handle the business.

Q. Then it would be a question as to whether the railroad offering the lower freight had the necessary facilities for doing the business—that and nothing else? A. I do not know.

Q. It is obviously so, is it not? A. No.

(Question repeated.)

A. Of course, the freight rate, as previously stated, is not always the controlling factor.

(Question repeated.)

A. The railroad having the lower freight rate, and having adequate facilities, may still not be able to secure business. This is dependent upon the service or the cost of getting the traffic to the railroad making the lower freight rate.

Q. By the cost of getting the traffic you mean the transportation cost? A. Yes, sir.

Q. So that again would be merely a question of freight rate, whether the transportation cost to the Central in the instance I have put, plus the rate on the Central would be less than the total rate of the Philadelphia and Reading, would it not? A. It is not conceivable that that situation could ever arise.

Q. Assuming that the situation could arise, will you kindly answer my question. (Question read to the witness.) A. Yes, sir; if we assume that the impossible is going to arise.

Q. Do you say "impossible" because of the fact that these coal companies are owned by the railroads? A. No, sir.

Q. And, therefore, they would be oblivious to the interests of the consumers? Is that what you mean by "impossible?" A. No, sir.

Q. Kindly explain what you mean. A. I am simply stating my opinion, based upon my experience in the matter of transportation and making the rates therefor.

Q. You think impossible any serious reduction of rates on roads other than your own? A. I do not think that all of the traffic people are insane.

Q. Is it not a fact that there might be a reduction? A. Accidents happen.

Q. And some reductions have, from time to time, been ordered by the Interstate Commerce Commission, not by accident, but by design? Is not that so? You know that they have been ordered, do you not? A. Will you separate the reference to the Interstate Commerce Commission from the first part of that question.

Q. Some reductions in rates have been ordered by the Interstate Commerce Commission, have they not? A. Affecting anthracite coal they have not. Such reductions as ordered by the Interstate Commerce Commission do not, however, to my mind, indicate the possibility of reductions such as is assumed.

Q. Do I understand you correctly then in stating that you believe it to be beyond the realm of possibility that any railroad should volunteer to reduce its rates? A. I do, if the property is under the management of reasonable business men.

Q. Do you know whether some of this anthracite coal is not so limited by contract between the shippers and the various roads that it is tied down to particular routes? A. I do not know.

Q. You do not know anything about that? A. No.

Q. You have no personal knowledge whatever of any such contracts? A. No.

Q. Does your recollection go far enough back to enable you to tell upon what basis the present freight rate on anthracite coal was made? A. To tide?

Q. Yes. A. I think, so far as our rate is concerned, it was made with the idea of getting a proper compensation for the service involved, having in mind the competitive rates from other regions or from the same regions via other lines.

Q. Who were those competitors to whom you refer? A. The Pennsylvania Railroad is the principal competitor.

Q. And there were some others, were there not? A. As to the Lehigh district, the Lehigh Valley.

Q. Were there not some others? A. Not in the Schuylkill Region; no, sir.

Q. Were there not some others that were competitive to tide as far as rates go? A. If you consider the whole field.

Q. Precisely. A. There are also the Central Railroad of New Jersey, the Lackawanna and the Erie, but I do not think that the rates via those particular lines from the different regions determined the rate from the Schuylkill region so far as we were concerned.

Q. You spoke the other day of various junction points I think between the Central and the Reading. You mentioned, if I remember, Bound Brook as one of them? A. Yes, sir.

Q. Do the Central and the Reading compete between Bound Brook and the New York tidewater to-day? A. No, sir.

Q. Did they ever? A. Yes, sir.

Q. Are they possible potential competitors? A. I should say not; no, sir.

Q. Could not freight from Bound Brook to the tidewater, anthracite coal for instance, go either by the Central or by the Reading to their respective termini? A. There is no anthracite coal, to my knowledge, that originates at Bound Brook.

Q. But, great quantities of anthracite coal go via Bound Brook on both of those roads, do they not? A. Go through Bound Brook do you mean?

Q. Via Bound Brook—by the way of Bound Brook. A. There is anthracite coal from the mines in the Schuylkill region to Port Reading in connection with the Port Reading Railroad, if that is what you refer to. And yet, I presume that there is also coal that passes through Bound Brook that originates on the Central Railroad of New Jersey, that passes through Bound Brook going to its terminals at New York tidewater.

Q. So that, as far as coal, generally speaking, is concerned, from the coal fields to tidewater, it might reach tidewater either by the Central via Bound Brook, or by the Reading via Bound Brook? A. It might under favorable conditions. But, it would be unreasonable to suppose that the Philadelphia and Reading Railway would send its anthracite coal from the Schuylkill regions to the tidewater at New York, either via Bound Brook or any other junction point in connection with the Central Railroad of New Jersey, and not use its own rails to such destination.

Q. Would it not be, as I have understood you to heretofore testify a question of higher or lower freight rates? A. No, sir.

Q. Why not? A. You do not seem to appreciate the fact that it is not customary, never has been, and probably never will be, for the Central Railroad of New Jersey, if you please, to establish rates from points on some other carrier's road.

Q. If that custom were violated then it would be a question of which road furnished the better rate would it not? A. It might not only violate the custom, but violate the law as well.

Q. In what way? A. The Central Railroad Company of New Jersey, under the Interstate Commerce Law, cannot legally publish rates on the Philadelphia and Reading Railway.

Q. You have stated that if the Central Railroad Com-

pany assumedly reduced its rates sufficiently, that shippers on the Philadelphia and Reading would pay the local rates over the Philadelphia and Reading and ship over the Central to tidewater? A. I said that that would be possible, all other things being equal; adequate facilities. The mere fact that there is a point of contact between two railroads does not prove that there are sufficient facilities for an interchange at those points to accommodate a very large volume of business.

Q. Then I understand your testimony to be that the question of whether the anthracite went via Reading or went via the Central would be a question of rate and facilities? That is a fact, is it not? A. I do not quite see the force of your reference to Bound Brook in that connection.

Q. Go by the Central or the Reading to tidewater. Eliminate Bound Brook if you choose. A. If by any stretch of imagination it were possible to assume that the Central Railroad of New Jersey might so reduce its rates from the anthracite coal regions and mines on its line, and apply those reduced rates over the junction points in the coal regions, making possible a combination of rates by the use of locals, from the mines on the Philadelphia and Reading to those junction points, plus those of the Central Railroad of New Jersey from those junction points, the coal might move via those junction points, not via Bound Brook. I think that in that event there might be a remedy, however, which would negative the effect of any such combination.

Q. You spoke in your direct examination of furnishing credit to shippers. Do you remember in a general way the maximum of those credits? Do they extend into the millions? A. No, I would not undertake to say what the extent of those credits was in dollars and cents.

Q. Not precisely, but tell me within fifty thousand dollars. A. My reference to credits was as to time rather than the amount.

Q. Explain to me something about what your method is in extending credit and the amount? Do you extend

credit to shippers for unlimited amounts? A. Yes, sir; under satisfactory conditions.

Q. Do you require any security? A. In certain cases—in some cases; yes.

Q. Let us take the coal, for instance, to be specific. Do you require any security from the shippers to whom you give these credit facilities? A. I would prefer not to answer that question, because I do not know. It is really an accounting matter, and I do not keep in touch with that feature.

MR. REYNOLDS:—We will have the Comptroller on the stand and he can be asked that question.

By MR. COUDERT:

Q. Do you remember, in a general way, whether any security is taken from the shipper to whom considerable credits are extended? A. I think there are instances in which bonds are required.

Q. But you do not know the detail? A. No.

Q. Do you know anything about the details of your credit arrangements for time? A. Our usual time requirement is thirty days.

Q. That is your usual requirement? A. No; it varies according to the ——

Q. What is the maximum? A. We undertake to fix the maximum at thirty days. That may be varied from according to conditions, the nature of the business and the facility of settlements.

Q. Do you know yourself of any shipper who has been given a credit on freights amounting to upwards of two millions of dollars? A. Without any respect to the limit of time?

Q. Without any respect to limit? A. A shipper might do a business of two millions of dollars in thirty days. Of course, in that case.

Q. Without any limit of time, do you know of anybody who got a credit extending over a series of years amounting to upward of two or perhaps three millions of dollars? A. I think that is a matter of detail that I would not know.

Q. Is it not a pretty large detail, a credit to a shipper

running through years of millions of dollars? A. It would all depend on the volume of the business.

Q. Are any such credits in any such amount extended to any of the bituminous coal companies? A. We have no bituminous coal companies on our line.

Q. So you do not extend to bituminous shippers any credit? A. We have no bituminous shippers on our line.

Q. Do you extend credit to bituminous shippers or not? A. No; we do not.

Q. You have stated, I believe, that as to credit arrangements the Philadelphia and Reading Coal and Iron Company stands on no different footing than other shippers. A. Other shippers of the same magnitude.

Q. Is there any other shipper of anything like the same magnitude? A. No; hardly in tonnage for a given period.

Q. Is it not a fact that you have extended credit to the Philadelphia and Reading Company for millions of dollars, and extending over very long periods of time? A. I do not know as to the amounts or the exact period.

Q. You have no data as to that? A. No. That would be an accounting matter.

Q. If you were informed that there had been such credits as I have mentioned extended to the Philadelphia and Reading Coal and Iron Company, would you still say that they had been treated on a parity with other shippers? A. That is my understanding; yes, sir; that all shippers are treated alike, with the exception of such circumstances and conditions as may justify a variation as between one or another.

Q. Then you think in the case of the Philadelphia and Reading Coal and Iron Company there may have been such differentiating circumstances? A. That would have to be determined entirely by the volume of traffic as shippers as compared with another shipper who might require like accommodations.

Q. Do you know of any shipper who has been allowed indefinite credits running into the millions of dollars for any indefinite time? A. I think I stated that I did not.

Q. You do not know of any? A. No.

Q. You were good enough to put in evidence at the re-

quest of your counsel a statement showing the shipments of anthracite coal, page 1052 (printed page 510) of the record from the Schuylkill region by various shippers over the Philadelphia and Reading Railway. In that statement you find the first column "P. & R. C. & I. Co.," and in the second column you find "Other Shippers," and I ask you whether those other shippers are all the so-called independent shippers, by which I mean shippers having no connection with railway companies? A. I do not know as to possible connection with railway companies. There are no connections between those shippers and the Philadelphia and Reading Railway Company.

Q. Do you know whether that column "Other Shippers" includes coal from the Great Lehigh and Wilkes-Barre Company's mines? A. It includes no coal whatever from the Great Lehigh and Wilkes-Barre Company's mines, because there are no mines of the Great Lehigh and Wilkes-Barre Coal Company in the Schuylkill region or adjacent to the tracks of the Philadelphia and Reading Railway Company.

Q. And it does not include any coal of the Lehigh Coal and Navigation Company either, does it? A. It might include coal from the Lehigh Coal and Navigation Company, if we receive coal from that company.

Q. Do you know whether you do receive coal from the Lehigh Coal and Navigation Company? A. Yes, sir; we do receive some coal.

Q. In appreciable quantities? A. Not compared with those figures here.

Q. Some coal? A. Some coal; yes, sir.

Q. In answer to Mr. Reynolds' question, on page 1053 (printed page 511) you say "There are quite a number of independent operators. I file with the examiner, and also give to Government's counsel a list of those independent operators," which appears on the next page. A. Yes, sir.

Q. Are those independent operators the operators that have shipped these fifteen million, three thousand and fifty tons of coal, or are there included in that figure coal shipped by others than those mentioned in your list? A. This statement on page 1052 (printed page 510) was intended to show

exactly how much of the total coal carried was received from the Philadelphia and Reading Coal and Iron Company, and in the second column, that which was received from other shippers. As indicating who the other shippers were, this statement shown on page 1054 (printed page 511) was offered.

Q. Does that statement exhaust all the shippers whose coal is included under the head "Other Shippers" on page 1052 (printed page 510)? A. This is intended to be a statement of the independent collieries and washeries located adjacent to the Philadelphia and Reading Railway.

Q. So that this list of independent collieries on page 1054 (printed page 511) is not the total number of shippers included in the column "Other Shippers" on page 1052 (printed page 510)? A. There may be some coal included in this column "Other Shippers" received from operators not mentioned in this list.

Q. Then I take it in that total from other shippers of fifteen million odd there may be a very considerable proportion received from shippers other than the shippers mentioned on page 1054 (printed page 511) of the record? Am I right about that? Including Lehigh Coal and Navigation? A. There is some coal included in there. This is a statement of all the coal that was carried.

Q. Among those other shippers are there not, as matter of fact, corporate shippers whose stock is owned by the Philadelphia and Reading Coal and Iron Company, or do you not know about that? A. I do not know.

Q. So that all you know is that the other shippers are shippers other than the Philadelphia and Reading Coal and Iron Company itself as a separate company? A. Yes, sir. That is what the statement purports to be.

Q. You have spoken of coal of the Lehigh Coal and Navigation Company being included among other shippers. As matter of fact, could not all the coal from the mines of the Lehigh Coal and Navigation Company go to tidewater over the Reading Railway Company or the Jersey Central? A. You mean tidewater at New York?

Q. Yes. A. There is no coal from the Lehigh Coal and Navigation Company that goes to tidewater at New York over the Philadelphia and Reading Railway.

Q. Is there any reason why it should not, that you know of? A. It does not originate on our road.

Q. What road does it originate on? A. On the railroads of the Lehigh Coal and Navigation Company.

Q. The so-called Panther Creek, now called the Lehigh and New England Railroad? A. Yes, sir.

Q. Is there any reason why the coal of the Lehigh Coal and Navigation Company originating on the Panther Creek Division of the new Lehigh and New England Railroad should not go to New York tidewater over the Reading rails? A. The Lehigh Coal and Navigation Company could better answer that question than I could.

Q. I am not asking you why it does not go, but I am asking you whether there is any physical reason why it should not, as a matter of railroad transportation pure and simple, without reference to any contracts or arrangements. A. So far as the physical situation is concerned, it could be shipped over the Philadelphia and Reading to Port Reading, provided the Panther Creek road or the Lehigh Coal and Navigation Company delivered the coal to us at Tamaqua.

Q. And it could equally go over the Central Railroad of New Jersey under similar circumstances to tide water? A. If there is any goes to tidewater, I think it goes via the Central Railroad.

Q. Do you not know, as a matter of fact, it is tied up by contract, and has to go? A. No; I do not know.

Q. You have never heard of that contract? A. I have heard it talked about. I haven't any occasion to know the details of it.

(At one o'clock a recess was taken until two o'clock P. M.)

Q. Referring again to page 1052 (printed page 510) of the record, and to the column headed "Other Shippers." Can you tell me whether under that head is included the Fulton Coal Company, the Locust Gap Improvement Company, the Tremont Coal Company, the Mammoth Vein Coal and Iron Company, the Delaware Coal Company, the Preston

Coal and Improvement Company, any or all of them? A. Those are not included in this list, are they?

Q. They do not appear in your list on page 1054 (printed page 511), but my question is whether they are included under the head "Other Shippers," on page 1052 (printed page 510)? A. If those collieries are not located on the Philadelphia and Reading Railway there are no shipments from those collieries included in that column.

Q. You do not know whether those collieries are on the Philadelphia and Reading Railroad or not? A. I assume they are not, inasmuch as this assumes to be a correct list of all the independent collieries.

Q. These collieries I have mentioned are not independent, and my question is whether or not you know whether they are included under the head "Other Shippers?" A. I repeat that they are not included if they are not on this list as independent shippers or shippers other than the Philadelphia and Reading Coal and Iron Company.

Q. You have testified that under the head "Other Shippers," on page 1052 (printed page 510) are shippers whose names do not appear on pages 1054 and 1055 (printed page 511), and I ask you whether among those other shippers whose names do not appear on those two pages are included the companies I have mentioned. A. There are no shipments from other shippers in addition to those named on this list, unless possibly the Lehigh Coal and Navigation Company's shipments, who are not mentioned on this list.

Q. I understood you to testify before the recess that there were other shippers than those on that list, and the Lehigh Coal and Navigation Company, included under the head "Other Shippers" on page 1052 (printed page 510). Am I right or wrong about that? A. I think you are wrong.

Q. Then am I now right in saying that you now testify as an actual fact that the term "Other Shippers" on page 1052 (printed page 510), includes all those shippers on pages 1054 and 1055 (printed page 511), plus the shipments of the Lehigh Coal and Navigation Company, and none others? A. Yes, sir.

Q. And that you are sure about? A. Yes, sir.

Q. You have looked it up? A. Yes, sir.

Q. State whether the coal shipped by the companies that I have just mentioned, the Fulton, &c., or any of them, are included in the first column "P. & R. C. & I. Co." A. No, sir.

Q. Do you know about that? A. Not unless the coal was purchased by the P. & R. Company from those collieries. If it is, it is included in the first column.

Q. You do not know whether or not it was? A. No, sir.

Q. In your statement on page 1052 (printed page 510), there are the words, "Statement showing shipments of anthracite coal from the Schuylkill Region, etc." What does that "etc." cover? A. That "etc." means simply this, that there might have been included in "Other Shippers" coal from the Lehigh Coal and Navigation Company, which is not considered in the Schuylkill region. That is the only exception. That was the only reason for putting "etc." in there. All the other shipments are from the Schuylkill region.

Q. Other than the Lehigh Coal and Navigation Company? A. Yes, sir.

Q. Can you tell me upon what lines the Fulton, Locust Gap, Tremont, Mammoth Vein, Delaware, and Preston Coal Companies are situated? A. I could not without looking it up.

Q. That you do not know? A. No.

Q. Does this statement on page 1052 (printed page 510), include the tonnage actually used by the railroad in its operations? A. No, sir.

Q. Do you remember, in a general way, what that tonnage is? It is very considerable, is it not? A. I do not recall exactly. I think it is two or three hundred thousand tons.

Q. Was it 142,617 tons for the month of November? That is correct, is it not? A. This statement is not supposed to include any coal except that which actually paid freight, and is supposed to balance, in a general way, with the coal tonnage reported as carried in our annual reports.

Q. Can you tell me what was the next largest shipper

to the P. & R. C. & I. Co. of all the shippers mentioned in these two statements? A. I couldn't tell you from memory; no, sir.

Q. You have furnished some tables to show a difference in the revenue per ton on freight exclusive of anthracite and revenue per ton upon anthracite freight. What is the difference between the cost of ordinary merchandise freight, which you have referred to, for transportation, and the cost of transporting anthracite? A. I have not figured that out.

Q. There is a very considerable difference, is there not? A. Not so much difference between the cost of transportation of anthracite and the cost of transportation of merchandise as there is between the revenue received from the merchandise as compared with the revenue on anthracite.

Q. Is not the revenue received from the anthracite something in the nature of a third of your total revenue? A. Yes, sir; about thirty per cent. now.

Q. Is not a great deal of the freight that you mentioned more or less small parcels not taking a whole carload? A. Yes, sir.

Q. Does not that add enormously to the expense of transportation? A. Not in proportion to the higher freight rate.

Q. The anthracite, of course, is transported in cars, and the cars themselves are moved? A. Yes, sir. So is the merchandise.

Q. But the merchandise does not necessarily go by the carload; that is to say, it goes in broken lots, taking only part of a car, does it not? A. Not the bulk of it. The less than carload traffic is a small proportion of the whole.

Q. Can you furnish us with a statement showing the exact cost of transporting the freight referred to in your statement on page 1058 (printed page 513), as compared with the cost of anthracite on page 1050 (printed page 509)?

Mr. Reynolds:—The witness cannot furnish such a statement. The only people who can do that are the United States Postal authorities.

By Mr. Coudert:

Q. Then you do not know what it cost you? A. We have not been able to ascertain that yet. There have been

a number of experts attempted it, but they have not gotten very much further than we have on that.

Q. So that you make your rates in the dark, not knowing what the cost is? A. No; we have a little sunshine on them.

Q. And, erring on the side of plentiful profit, I take it? A. Erring; no; there is no erring about it.

Q. The profit is sure, is it not? A. No.

Q. It has been? A. The error, if any, is that we do not get sufficient profit to cover all the contingencies that arise. Especially, the expense of these enormous investigations.

Q. The totals would indicate that there are about three times as much other freight carried per mile as there is anthracite; that is correct, is it not? A. I do not know. I have not reduced those to one mile. (Referring to table.) There is, according to this table here, about three times as many tons of other freight one mile as anthracite coal one mile. That, however, is due entirely to the difference in the average distance of anthracite coal carried as compared with the average distance of the freight carried. Of course, the tonnage of other freight carried is shown in one of these exhibits here.

Q. It is shown right there in that exhibit you have in your hand, is it not? A. Yes, sir; as to one mile.

Q. There is a great deal of bituminous coal, as you testified in your direct examination, going to New York tidewater over your railroad. I take it that that coal could get over other railroads to the tidewater, could it not? A. That particular coal does not go over other roads. There is a good deal of bituminous coal goes over the roads to tidewater. That statement of mine only refers to the coal that we carried.

Q. Would it not be quite possible for that coal to reach tidewater by other roads than yours? Is there any physical difficulty that you know of? A. Yes, sir. It is highly competitive. We have to exert ourselves very considerably to get that coal to go over our road.

Q. And it might go by the other roads if you did not exert yourselves? A. Yes, sir.

Q. It could go by the Jersey Central if the Reading did not exert itself to hold its traffic, and does to some extent? A. In point of fact, it does go over the Jersey Central, some of it.

By Mr. Kingsbury:

Q. You testified at the last session about the Wilmington and Northern Railroad at some length. Will you tell me just what physical connections with other railroads the Wilmington and Northern makes, and at what points? A. The Wilmington and Northern Railroad at the present time has a physical connection with the Baltimore and Ohio Railroad at Elsmere Junction, in the vicinity of Wilmington. It has a physical connection with the P., W. & B. Railroad at Wilmington. There is also a physical connection between the Wilmington and Northern and the Pennsylvania Railroad at Coatesville. There is a physical connection at Chadd's Ford between the Pennsylvania system and the Schuylkill Division of the old P., W. & B., at Chadd's Ford Junction.

Q. With what does it connect at Birdsboro or High's Junction? A. The Philadelphia and Reading Railroad.

Q. Is that both at Birdsboro and High's Junction? A. Yes, sir.

Q. Those are two separate points? A. Yes, sir.

Q. How far apart are they? A. About seven miles.

Q. Which is the nearer to Reading? A. High's Junction.

Q. That is about three miles from Reading? A. Yes, sir; about three miles—two miles and a half. Birdsboro is about nine miles from Reading.

Q. With what other railroads does the Reading make physical connection at or near Reading itself? A. None.

Q. Does it not connect with the Pennsylvania in any way? A. No, sir.

Q. Or with any other railroad? A. No, sir.

Q. How near does it run to the tracks of any other railroad at Reading? A. It runs quite close. The Pennsylvania and the Reading tracks through the City of Reading are within five or ten feet of each other.

Q. So that physically a connection could easily be made there? A. Yes, sir; physically; provided there were no operating objections to it. That is another question.

Q. There is no great difference of grade or level or anything of that kind to interpose any special engineering difficulty to such a connection? A. Are you talking about a connection between the Philadelphia and Reading and the Pennsylvania Railroad, or between the Wilmington and Northern and the Pennsylvania?

Q. I am talking about a possible physical connection between the Reading and the Pennsylvania at or in or about the City of Reading. A. There is no necessity for any such connection. There never has been.

Q. I ask you whether there would be any great engineering difficulty in the way of making such connection? A. I am not an engineer, and I do not know of any engineering obstacle in the way to making such a physical connection.

Q. When coal comes down from the coal fields to Reading over the Reading Railroad and comes as far as Reading, what possible routes are there for it to take? I am speaking now merely physically and not as matter of traffic practicability, to go south, to the southern cities? For example, can it go over your own line to Philadelphia, and then down over your line and the B. & O., or could it go on your line to High's Junction and then down over the Wilmington and Northern to Wilmington, or Elsmere Junction, and then south? A. As you know, there is the road of the Wilmington and Northern from High's Junction to Wilmington, and also from Birdsboro to Wilmington. It is not, however, a feasible route for any extensive tonnage.

Q. On account of the physical limitations of the railroad? A. Yes, sir; and certain grades and physical limitations of the road. It would be necessary practically to rebuild the road. There are, of course, traffic reasons why that is not a feasible route.

Q. Does a certain amount of anthracite go that way, as a matter of fact? A. No, sir.

Q. From Birdsboro or High's Junction to Wilmington? A. To Wilmington proper, yes; but not for south of Wilmington.

Q. But if it got as far as Wilmington, it could go further south? A. That would depend on the wishes of the connecting lines at Wilmington to receive the coal at Wilmington from the Wilmington and Northern at that point.

Q. Can a railroad refuse to receive freight from a shipper? Is it not obliged to take up to the limit of its capacity and carry all the freight that is tendered? A. You are not going to put the Wilmington and Northern in the category of a shipper, are you?

Q. The original shipper could dictate the route, could he not? A. Yes; he could dicate the route at his own expense.

Q. When freight is transferred from one railroad to another as part of a through route, there is a division of the freight revenue from that freight as between the two roads, is there not? A. Certainly.

Q. Can either railroad, either the original forwarder, or the subsequent forwarder, dictate that to the other railroad, or is it a matter of agreement? A. It is a matter of conference. It must be a matter of agreement, of course. I cannot determine what the Baltimore and Ohio, if you please, will accept from any given junction point for its part of the service out of a joint rate. Nor can the Baltimore and Ohio dictate to me what I shall receive as compensation for our share of the service of a joint rate. It must be mutual.

Q. It is purely a question of agreement between them? A. Yes, sir.

Q. Neither one can dictate to the other? A. No.

Q. I show you an exhibit which was put in evidence by Mr. Reynolds at the last session, being an agreement between the Philadelphia and Reading and the Wilminton and Northern, dated May 16, 1879, and I ask you to glance

over the paragraph beginning at No. 2, which was not spread upon the record, and which I shall put upon the record to-day. (Agreement handed witness.) After you have read it, I will ask you a question about it. Have you read the agreement? A. Yes, sir.

Q. State whether, as a practical, experienced railroad man, that agreement does not indicate the possibility that anthracite coal or any other freight might be routed over either the Wilmington and Northern or the Philadelphia and Reading for a portion of the way between the same points? A. You are referring to destinations beyond Wilmington, of course.

Q. To any destinations? A. As to Wilmington, there was no question about it. As to the destination beyond? This agreement was made prior to the connection with the Baltimore and Ohio Railroad, and it was made as between the Wilmington and Northern and the Philadelphia and Reading Railroad Company. It obligated no one, it could not possibly obligate the connections of the Wilmington and Northern Railroad. As provided in here, if the Wilmington and Northern was not in position to carry out the terms of this agreement, it failed absolutely. There is no obligation on the part of the Reading to route the freight that way unless the Wilmington and Northern could induce its connections to facilitate such an interchange.

Q. But it recognized the possibility of alternative routes between various points? A. Yes, sir. The possibility. That is all we are dealing with here—great possibilities. It was in furtherance of the dreams of the promoters.

Q. Its effect would be to prevent price cutting in favor of either of these alternative routes as against the other? A. What do you mean by "price cutting?"

Q. Rate cutting. A. The remedy has been enacted for rate cutting. What is the use of discussing rate cutting now? No matter what the possibilities were when that contract was made, that was before the enactment of the Interstate Commerce Law.

Q. My question was directed to the conditions as they existed at that time and the relations which that agreement

embodied? A. There is nothing in this agreement, as I recall it, which refers to rates at all.

Q. I think you are mistaken about that. "That it will not charge or co-operate with any other railroad transportation line in charging rates via its railroad line or lines for freight excepting mail matters, originating at Wilmington or any other point on the Chesapeake Peninsula, and destined for final delivery by rail for any point north of Birdsboro, accessible by a route of which a railroad line or lines of the Reading Company shall form the whole or part, which shall be lower than the rates current at the same time via a route formed in whole or in part by the line of the Wilmington Company between the point of origin and the point of delivery of the said freight where the distance by the the latter route is shorter than by the former." A. That was simply to insure to the Wilmington and Northern road that the rate, that is, that the Reading could not insist upon a rate adjustment via this route which would disadvantage this route in competition with some other. That is all there is to that.

Q. And has nothing to do then with the rates by the route over the Wilmington and Northern as compared with the rate by the route over the Reading direct? A. No, sir.

Q. Are you sure of that? A. Some of these agreements made back in the seventies are pretty hard to understand in the light of present conditions. But, I look upon this as a traffic agreement pure and simple, and it insures, that is, as I said before, so far as the Reading is concerned, it will co-operate with the Wilmington and Northern to the extent of the ability of the Wilmington and Northern to provide for its business, the joint rate shall not be higher in connection with the Wilmington and Northern than it is via some other route.

Q. Would you say that agreement was for the benefit of the Wilmington and Northern, or for the benefit of the Philadelphia and Reading, or purely a matter of mutual benefit? A. It sets out to be mutual.

Q. Which would you say it did actually benefit? A. I do not think that agreement ever amounted to very much

so far as the Wilmington and Northern Railroad is concerned. If certain things would happen, certain things would be accomplished. If those certain things did not happen, the agreement did not amount to anything.

Q. It provided for certain things that did happen, did it not? It provides in the beginning for trackage rights for the Wilmington and Northern over the Philadelphia and Reading between Birdsboro and Reading? That went into effect, did it not? A. Yes, sir. That was simply because the Wilmington and Northern Railroad had established its terminal in the city of Reading. It had no means of getting to and from those terminals in the city of Reading except by the employment of some other company's tracks.

Q. That is, the Wilmington and Northern had no other means? A. No, sir.

Q. So far this was for the benefit of the Wilmington and Northern and not for the benefit of the Reading? A. Yes; to save the Wilmington and Northern from the expense of constructing its own tracks and terminals in the city of Reading.

(Mr. Kingsbury desires spread on the record portion of the agreement referred to as follows):—

"2. In the event of the happening of the contingency on which the grant aforesaid is to take effect, all freight, excepting mail matter originating on or received by the Berks County Railroad or any other line of the Reading Company at any point north of Birdsboro which reaches Reading by rail or which starts from Reading by rail and is destined for transportation thence by rail to and for delivery at Wilmington or some other point in the State of Delaware or elsewhere in the Chesapeake Peninsula, and which (excepting grain intended for exportation by water and iron or manufactures of iron from Birdsboro when the said iron or manufactures thereof are transported for exportation by water) is not intended for exportation from the Chesapeake Peninsula (including Delaware) to any point in the United States or elsewhere shall be forwarded by the Reading Company either from Reading or Birdsboro at the option of the Reading Company, via the line of the Wil-

mington Company, provided the distance between Reading and the point of final delivery is shorter via the line of the Wilmington Company, either separately or in connection with some other line or lines of transportation, thence via a line or lines owned, operated or controlled by the Reading Company either separately or in connection with another or other lines of transportation; it being understood that when such freight is destined for a point not on the Wilmington Company's line, the latter is to make such arrangements as may be necessary to secure the transfer with reasonable dispatch of the freight to its ultimate destination, but no merely temporary difficulty in effecting or carrying out the said arrangements shall relieve the Reading Company from its obligation in the premises after such difficulties have been removed. The Reading Company also agrees that it will not charge or co-operate with any other Railroad transportation line in charging rates via its railroad line or lines for freight excepting mail matters, originating at Wilmington or any other point on the Chesapeake Peninsula, and destined for final delivery by rail for any point north of Birdsboro, accessible by a route of which a railroad line or lines of the Reading Company shall form the whole or part, which shall be lower than the rates current at the same time via a route formed in whole or in part by the line of the Wilmington Company between the point of origin and the point of delivery of the said freight where the distance by the latter route is shorter than by the former. The Wilmington Company also agrees that it will not charge or co-operate with any other transportation line in charging rates for the transportation of freight by a route formed in whole or part of the Wilmington Company's line between points which are accessible by a route formed in whole or part by a line or lines owned, operated or controlled by the Reading Company lower than the rates current at the time via a route between the said points formed in whole or part by a line or lines owned, controlled or operated by the Reading Company when the distance by the latter route is shorter than by the former. Provided, however, that this obligation of the Wilmington Company

shall not apply to rates for the transportation of any mail or of iron or manufactures of iron from Birdsboro to New York via a water route from Wilmington in connection with the line of the Wilmington Company.

"All freight of whatever kind received north of Birdsboro on the Berks County Railroad or any other railroad line of the Reading Company and destined to any point on the line of the Wilmington Company whether such point shall be the final point of delivery or a point of transfer to another line—and all freight received on the line of the Wilmington Company and destined to any point on the Berks County Railroad or any other railroad line of the Reading Company north of Birdsboro whether such point shall be the final point of delivery or a point of transfer to another line, (excepting freight to which the limitation or restriction on the grant of way aforesaid shall be applicable), which shall be interchanged between the two companies either at Reading or Birdsboro (as the Reading Company may from time to time elect) shall be transported by them over their connected route intervening between the point of receipt and the point of delivery, as aforesaid, under joint rates to be by them from time to time established and the sums received under such joint rates shall be "pro rated" between them, that is apportioned with reference to the distance over which each company shall have transported the said freight: customary charges for car service being made when the cars of either company have performed such service on the road of the other—but no allowance, either for losses on laterals or on other account shall be permitted:—"

Q. Was it a disadvantage to the Reading Railroad? A. It was no particular advantage.

Q. Was it in any way a disadvantage? A. No; it was not a disadvantage when you consider the whole of the Wilmington and Northern Railroad, the building of the Wilmington and Northern Railroad into Wilmington, with its connection at Birdsboro, was no particular advantage in making this connection at Reading, because it had its connection at Birdsboro, but the building of that road and the making of the connection at Birdsboro gave the Philadelphia

and Reading Railroad Company an opportunity to interchange business with that road and establish joint rates to and from Coatesville and Wilmington and points on the Philadelphia and Reading Railroad, and, to that extent, it was an advantage which enabled the Reading road to participate with the Wilmington and Northern in the development of tonnage traffic to and from those points, that is, Birdsboro and Wilmington. So far as Coatesville was concerned, there was no other way by which the Philadelphia and Reading could do business at Coatesville. It gave it an alternate route into Wilmington, but at the time that the Wilmington and Northern was built, and before it was built, it had the opportunity of exchanging business with the P. W. & B. road to Wilmington, Chester and the points intermediate, Baltimore and Washington and different points.

Q. Do you know what advantage was gained, or disadvantage was escaped, by the purchasers of the Reading Railroad system in the foreclosure of 1893-96, by repudiating and refusing to go on with this agreement? A. No, sir. No particular advantage, except that there was no necessity for it.

Q. By repudiating it, they left the Wilmington and Northern cut off from direct access to Reading, did they not? A. That might be another assumption. As a matter of fact, the connection was continued and they did business.

Q. But not under the trackage right? A. Yes, sir; I think under the same arrangement.

Q. They made a new trackage agreement, did they? A. No, sir; the terms of the agreement so far as that trackage privilege was concerned to and from the Wilmington and Northern terminal at Reading, remained operative.

Q. So that the practical conditions remained the same, although the paper agreement was not accepted adopted by the purchasers? A. I think so. That is more particularly an operating question, however.

MR. REYNOLDS:—The result was the agreement was repudiated, but, as matter of sufferance, the Wilmington and Northern was permitted to run over the Reading's tracks to the station in Reading, and is still permitted.

By Mr. Kingsbury:

Q. Has the Reading system any special or peculiar traffic relations with the Lake Shore and Michigan Southern? A. No, sir.

Q. Has it with the Baltimore and Ohio? A. Peculiar and special traffic relations?

Q. Yes. A. No, sir.

Q. Does it exchange a great deal of freight with the Baltimore and Ohio? A. Yes, sir.

Q. More than with most of its other interchanging railroads? A. No; I think not. Unless you take into consideration the bituminous coal. Of course, the bituminous coal adds very considerably to the tonnage received from the Baltimore and Ohio Railroad. There is no interchange, however, of bituminous coal, it all moves in one direction.

Q. But you receive a large amount of tonnage from the Baltimore and Ohio? A. Including the bituminous coal; yes; we receive considerable.

Q. Has the Reading system in any of its ramifications any special relations with any of the producers of bituminous coal? A. The Reading Railroad Company?

Q. The Reading system in any of its ramifications. The Reading Company or the Reading Railway Company. Or is that something outside of your knowledge? A. I know nothing about anything except the Reading Railway.

Q. So far as the railway is concerned, it has no such affiliations? A. No.

Q. You spoke in your testimony on Tuesday about making affiliations with certain manufacturers for the promotion of this tonnage in bituminous coal. What did you mean by that exactly—by "affiliations?" A. I meant these railroad connections or affiliations by which we were enabled to open up to the manufacturers in the Schuylkill Valley channels for the receipt of bituminous coal to be used in their manufacturing. No affiliations, except by encouragement as between the Philadelphia and Reading Railway or Railroad Company, and the manufacturers. What I wanted to make clear was that it was by reason of these connections, for instance, with the Beach Creek at New-

berryport Junction, the Western Maryland at Shippensburg, and the Baltimore and Ohio—that those avenues or channels for the receipt of bituminous coal were opened up.

Q. The Reading Railway has some competition, has it not, for anthracite coal tonnage? You are in competition with some other railroads? A. From a transportation point of view?

Q. From a transportation point of view. A. Yes, sir.

Q. What is your principal competitor? A. The principal competitor in the Schuylkill Valley is the Pennsylvania Railroad. Next to the Pennsylvania Railroad is the Lehigh Valley. Those are about the only two systems that do compete with us for anthracite coal in the Schuylkill region.

Q. Do their tracks actually reach any of the same collieries as your tracks? A. I am not sure as to that. I think that there are some instances where the Pennsylvania Railroad tracks extend to collieries to which our tracks also extend. I am not positive of that.

Q. That is a very small factor? A. Yes, sir.

Q. Does the Pennsylvania Railroad also compete with the Jersey Central for anthracite? A. Into the the Schuylkill region?

Q. Anywhere for anthracite tonnage. A. It does not compete in the Schuylkill region, because the Central Railroad's line does not extend into the Schuylkill region. I ought to say in answer to that question, that there is, according to this map before me, some competition as between the Central and the Pennsylvania in the Wyoming district, or in the Wilkes-Barre district. The Pennsylvania Railroad has tracks there.

Q. I think you testified on Tuesday in regard to some transportation service by sea-going tugs and barges from Port Richmond, near Philadelphia. Can you tell me what proportion of this service is used by the Philadelphia and Reading Coal and Iron Company, and what proportion by other shippers. Or, can you not answer that question without special investigation? A. I could only guess at it.

Q. Can you make an approximate answer? A. As to the entire use of that fleet, I would say that about twenty-five to thirty per cent. was employed by outside interests, or other interests, and say seventy-five or eighty per cent. by the Reading Coal and Iron Company. But that would be confined to anthracite.

Q. I call your attention again to this list described as independent collieries and washeries, given on pages 1054 and 1055 (printed page 511) of the record, and ask you whether, if you know, any of those are on lands leased from the Reading Coal Company. A. Yes, sir; I think some of them are.

Q. Can you tell me which? A. I do not actually know.

Q. Where one railroad connects at two different points with another and sends some of its tonnage through from its own rails to points on the second railroad company's rails, has either of the roads a primary right to determine at which junction point the traffic shall be turned over? A. I do not know whether we can differentiate between right and custom.

Q. I would like to hear your views on both? A. The custom is for the road originating the traffic to dictate the route, and it usually does that, with a view to getting the longest haul for the traffic which it originates.

By Mr. Coudert:

Q. Have any of the shippers along your line complained of rates at any time? A. On what?

Q. On anthracite. Or anything else. A. No, sir.

Q. No shippers ever complained? Are you sure about that? A. What do you mean by "complained"? To me, or to some tribunal?

Q. I mean to the administration of your company. A. Shippers, as a rule, are a complaining set.

Q. Among that complaining set do you number the Philadelphia and Reading Coal and Iron Company? A. Yes, sir.

Q. And they complain a good deal of the rates, do they not? A. More than any other shipper we have.

Q. Let me know something about the details of their

complaints? Have you got them in writing? A. No, sir. I have very few of those complaints.

Q. Do they not set their wail down on paper? A. Not always; no. It would take too long.

Q. Tell me the method of complaint of the Coal and Iron Company. A. The method, or the nature?

Q. Both. The nature and the method of the complaint. A. The nature of the complaint is usually with respect to the excessive rates charged for the transportation of anthracite coal.

Q. And they claim they are excessive? A. Yes, sir.

Q. Who makes that complaint? A. Usually the shipping representative, the sales representative of the company.

Q. He makes it with authority of the president of the company, does he? A. I don't know anything about the authority. I am dealing with the facts.

Q. You accept his authority? A. I assume he has authority. He is in charge.

Q. You admit that that shipping agent has the authority to make the complaint? A. Certainly.

Q. You do not question it at all? A. No. The same as any traffic manager of an industrial concern makes a complaint about the excessive rates to his industry. I do not question whether he has a resolution from the Board.

Q. And he could not make those complaints without the concurrence of the president and officers of the coal company could he? A. I think he could.

Q. Do you think he could make them contrary to the wishes of the president? A. Yes, sir; if he could talk, he could.

Q. So you are indifferent as to whether he has due authority to make those complaints or not? A. I am perfectly indifferent; yes, sir.

Q. What do you tell him when he makes the complaints? Do you accede to them? A. I tell him to go and take a rest, sometimes.

Q. So that you are so indifferent to his complaints that you do not even ask if he has authority to make

them? A. That has not anything to do with it at all. The question is whether his complaint is justified.

Q. But you tell him to go and take a rest when he makes complaints? A. Yes, sir. That is when I do not think his complaint has any justification. I tell that to other shippers, too.

Q. In what instances, if any, did you find that the complaint of the Philadelphia and Reading Coal and Iron Company was justified? A. I do not know that I ever found any.

Q. You never have, as matter of fact, found it justified? A. I don't think so.

Q. As far as you know, that complaint was not made in writing? A. No complaints were ever made to me by them in writing.

Q. So that the only complaints that were ever made by the Philadelphia and Reading Coal and Iron Company were complaints made by what authority of the coal company? A. By the commercial representatives of the coal company.

Q. Did you refer his complaints to the president of the railway company? A. No.

Q. Did you refer them to anybody but yourself? A. No, sir.

Q. Did you incontinently turn them down? A. Yes, sir. As I thought there was no justification for them.

Q. Did you discuss them with the president? A. No.

Q. You did all that yourself? A. Yes, sir.

Q. Were those complaints frequent? A. No; they have not been frequent.

Q. Could you tell me about how frequent in the last five years? A. I have not been in charge of the coal rates five years.

Q. As many years as you like? A. I do not think we have had more than two or three in that time, and they were old ones.

Q. From the Coal Company? A. Yes, sir.

Q. So that you did not find the Coal Company such a complaining lot as other shippers? A. No. They were

complaints that have been initiated long before perhaps and revived from time to time, whenever the humor moved them.

Q. But never pressed with great vigor? A. I do not know. They were pretty vigorous in their language sometimes, if that was any indication.

Q. But never so vigorously that you did more than confer or consult about the matter? A. It would not have any effect on me at all. I am accustomed to strong language.

Q. You are so accustomed to strong language that you turned the shipper down without any further ado? A. In those cases; yes, sir.

Q. Meeting language with language? A. No; I couldn't.

Q. How frequent were the complaints of other shippers? A. Oh, the complaints of other shippers ——

Q. Legion? A. Yes, sir; I suppose so.

Q. And do you treat them with the same calm consideration and deliberation as you do those of the Coal Company? A. I must confess that in a great many of the other cases there was some justification for the dissatisfaction.

Q. But no justification in the case of the Coal Company? A. No, sir.

Q. You did not treat it seriously? A. No.

Q. Did I understand you to say that the Pennsylvania and Reading competed for coal in the Schuylkill region? A. Yes, sir.

Q. Did I understand you to say that they do not tap the same collieries, or that they did tap them? A. I said that there might be one or two instances where the collieries were reached in common by both the Pennsylvania and Reading. I am not positive that that is the fact.

Q. But, nevertheless, they compete for that coal? A. They compete for coal out of the Schuylkill region.

Q. Did I not understand you to contend that there could be no competition for coal save where the collieries were tapped by the competing railroads? Is that so or not, in your view? A. That is generally true; yes, sir.

Q. So that, according to your view, the Pennsylvania

and the Reading only compete as to, I think you said, two or three collieries? A. I said there may be two or three instances where the collieries are reached in common by the Pennsylvania and the Reading.

Q. Then the competition between the Pennsylvania and the Reading is insignificant in proportion, according to your idea? A. No, sir; there is no ground for any such inference being drawn from anything I have said. I have said to you very positively and plainly that there is a certain amount of anthracite coal shipped out of the Schuylkill region, and I have shown by a statement here what proportion the Pennsylvania Railroad carries out of the Schuylkill region as compared with the proportion carried out of the Schuylkill region by the Reading? Is that plain?

Q. I ask you how far those two railroads are, in your judgment competitors as to the coal of the Schuylkill region? A. So far as is indicated by the statement I made at the last meeting.

Q. Let us refer to it. Give me the statement of the amount of coal as to which you believe those two railroads to be competitors? A. My testimony at the previous session was that the Pennsylvania Railroad transported out of the Schuylkill region for the year ending June 30th, 1911, 4,150,880 gross tons; for the year ending June 30th, 1912, 3,738,045 gross tons.

Q. And that is the coal that you referred to in your testimony as competitive as between the Pennsylvania and the Reading? A. Yes, sir.

Q. State whether a very substantial amount in fact of freight other than anthracite transported from Pottsville to New York and *vice versa*, as shown in the tables furnished by you on page 1058 (printed page 513), does not move in less than carload lots? A. It does not; no. The major portion of it would be carload lots. It is to-day. It is largely iron and steel manufacture from Pottsville.

Q. Could you at your convenience add to your statement the fact in regard to what proportion of that traffic is in carload lots? A. That would involve a great deal of labor. If you think it is essential.

Q. Can you tell me from your own knowledge, after as much thought as you care to give the matter, what is the proportion that is carried in carload lots, and what proportion in less than carload lots? A. I would say twenty-five per cent. less than carload lots would be a fair proportion of the traffic.

Q. Is not manufactured steel of high specific value according to its weight? A. We do not make the rates according to the value.

Q. How do you rate steel? A. Manufactured steel is rated under the classification as fifth class.

Q. A class by itself? A. Not a class by itself. There are a good many other articles that are in the fifth class.

Q. The non-carload lot freight is much more costly, is it not, to transport than the carload lot? A. Not any more costly to transport. It is more costly to handle. It is handled by our own employees at the terminals over the platforms, and again at destination is handled over the platform. But, as illustrating the difference between the cost of handling the less than carload and the carload, I would like to call your attention to the difference in the freight rate. For instance, you take a case of boots and shoes, or a case of hats, which is typical of the less than carload traffic, and it is first-class, under the classification, and the rate on that would be from New York to Pottsville, $7 a ton. Take a carload of sugar from New York to Pottsville, it is rated fifth class, and the rate would be $2.40 a ton. In the former case is involved the handling of the stuff over the platform, and in the second case there is no terminal handling involved.

Q. And allowance is made for that in fixing the freight? A. Yes, sir. There is that difference between the carload unit and the less than carload unit.

Re-direct examination.

By Mr. Reynolds:

Q. Making a slight incursion into the realms of imagination for a moment, can you imagine that any one of the 365 collieries in the coal region produce each ton

of coal at precisely the same price? A. No, sir; I could not for a moment imagine that the cost of production at every colliery would be per ton of coal identical.

Q. Coming down to the realities, has the freight rate ever been made on the basis of percentage of selling price of coal at tide since you have been in general charge of the rate making? A. No, sir; not with the Philadelphia and Reading Railroad.

Q. Who makes and absolutely controls the local rates on your railroad to the junction point with other railroads? A. We do ourselves, the proper officer of the company.

Q. Would it follow, therefore, that any freight rate availed of by a shipper on one of those railroads that Mr. Coudert has built this morning cutting the rate in two, would still have to surmount the local rate which you might make against him? A. Yes, sir.

Q. You said that you had had complaints about freight rates of all kinds. Have you had any complaints against your anthracite freight rates except a case brought by William Randolph Hearst in the public interest, and a case brought here by Mr. Bellis in his interest as a lawyer? A. No, sir.

Q. You have not had any real shippers of anthracite coal to take you before the various commissions on your anthracite rates? A. No, sir.

Q. In twenty-seven years? A. No, sir.

Q. During those twenty-seven years has the Interstate Commerce Commission ever reduced any of your anthracite rates? A. It has not; no, sir.

Q. Not even fifty per cent.? A. No, sir.

Q. Can a railroad company whose lines make a junction with your own make the joint rate without your concurrence? A. It cannot; no, sir.

Q. Your comparison of the rates on anthracite and other traffic was on exactly the same haul, was it not? A. Yes, sir.

Q. That is both kinds of traffic were moving between exactly the same two termini, were they not? A. Yes,

sir. With this distinction which I have already called attention to, that in the case of the general merchandise we are moving traffic in both directions, whereas in the case of anthracite, we are moving it only in one direction.

Q. Whether one road can force its view of a good or bad bargain on another road with which it is negotiating in respect to divisions of a through rate is dependent upon the circumstances of the strategical position of the two roads at the particular moment when that negotiation is taken up, is it not? A. Largely; yes, sir.

Q. It is like any other contract? A. Like any commercial proposition.

Q. The Interstate Commerce Commission has never sought to make your divisions, has it? A. Not yet; no, sir.

Q. And, therefore, whether in a given instance a carrier can dictate about these divisions of routing depends somewhat on whether that carrier has you on the hip or not temporarily, does it not? A. Yes, sir. It depends on how badly we want to reach a market which the other carrier may be able to supply, or how much that other carrier may desire the traffic which we have got to give it.

Q. In your dealings with the B. & O. and the Pennsylvania Railroad on anthracite coal going south, is it or not a fact that in that particular case those railroads are able to dictate to you the routing? A. Yes, sir; to a certain extent.

Q. Have you anything other than a Hobson's choice in respect to that routing when it is matched up against the divisions you would get by the other routing? A. No.

THEODORE VOORHEES, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What position with the Philadelphia and Reading Railway Company do you hold? A. I am vice-president of the Railway Company.

Q. Have you any connection with the Philadelphia and Reading Coal and Iron Company? A. No, sir.

Q. Or with the Central Railroad Company of New Jersey? A. No, sir.

Q. Or with the Lehigh and Wilkes-Barre Coal Company? A. No, sir.

Q. Or with the Lehigh Coal and Navigation Company? A. No, sir.

Q. Or with the Lehigh and New England Railroad Company? A. No, sir.

Q. Or with the Lehigh and Hudson River Railroad? A. No, sir.

Q. What, in a general way is the topographical character of the section of the coal regions served by the Philadelphia and Reading Railway? A. The Schuylkill region?

Q. Yes. A. It consists of two sub-divisions which we commonly speak of as north of the mountain and south of the mountain. The portion of the Schuylkill region that we serve north of the mountain, known as the Mahanoy Valley, extends from the vicinity of Tamaqua through Mahanoy City, via Shenandoah and Mr. Carmel and Shamokin to Trevorton, a distance of approximately about sixty miles. It is a very irregular valley, with high ridges or mountains on either side, very steep indeed, and the veins of coal are so steep that they are almost V-shape. I confess I have never been down into one of the mines, but they tell me it is some thousand or fifteen hundred feet below the bottom of the valley, and the distance across to the outcrop is probably only four miles. The portion south of the mountain extends in a general direction from Lansford or Tamaqua through Pottsville, Tremont into the Lykens Valley, and there is coal indicated, but not in operation, further down toward Rockville. The valley is equally broken up in a series of narrow valleys and steep hills on either side, very irregular in outline.

Q. Where are the collieries usually located in those valleys? A. They are located especially with reference to convenience in mining, I assume. It is many years since I was a mining engineer, but, the shafts or slopes, as the case may be, are usually located with a view of getting to the bottom of the vein so the coal will come gradually through the various chambers and collieries to the foot of the slope, and so be taken out.

Q. Generally speaking, how are these colliery workings served by the railroads in this region? A. In most cases, the tracks under the breakers are the property of the Railway Company, and the attendant points or distributing points also belong to the Railway Company, in many cases the Railway Company owning a title or right of way under the breaker, and in some cases even owning that title in fee. As a rule, the railway companies do not own or in fact, as far as I know, none of them own any of the coal beneath the surface.

Q. Where does the railway operation necessarily put the cars to serve the collieries? A. In all the collieries that we serve, the Philadelphia and Reading Railway Company, we have to place the cars on sidings above the colliery; then they are dropped down by gravity by men who are employed for the purpose, under the chutes, and distributed, the particular cars under the particular bins, so that the various kinds of coal will be loaded in the proper car with reference to the orders and destination that the shipper wishes the coal to be sent.

Q. Does that general relation of railway to the colliery obtain uniformly and generally throughout your region both with the collieries of the Philadelphia and Reading Coal and Iron Company and outside collieries? A. So far as I know it is the usual practice all through the anthracite region.

Q. Is that territory a territory in which it is expensive or inexpensive to construct railroads? A. The construction of roads in the Schuylkill region is necessarily

quite expensive, on account of the physical difficulties in getting out of the valley, so to speak. All of the coal from north of the mountain we have to take up by way of the Mahanoy Plane and over Broad Mountain and drop it down again into the St. Clair yard. The coal that is taken out of that valley by the Lehigh Valley Railroad Company or the Pennsylvania Railroad Company goes over lines of very heavy gradient, which are very circuitous.

Q. Would it be an expensive or inexpensive proposition to build a new railroad in to these various smaller valleys in the Schuylkill region? A. It would be a very expensive operation. In some places, for example, in the vicinity of Ellen Gowen Colliery in Mahanoy City, the valley is so narrow and the collieries so close together that it would be almost an impossibility for another railroad to get in there.

Q. In general, are those valleys narrow or broad? A. Quite narrow.

Q. Do the railroads already occupying those valleys occupy the best available routes or not? A. I can only speak for the road I am familiar with. We think we are in the best available positions in the Mahanoy Valley.

Q. Take the other smaller valleys in the region, would it be an easy or difficult matter for any invading railroad to come into those same collieries? A. It would be an exceedingly difficult matter. The Lehigh Valley is shown on this map before me to reach Shenandoah, which in this district has to go over very rough country and ravines, about eighteen hundred feet above tide, and, I know from my personal experience as I was General Manager of the road at one time, the grades are very heavy, and the cost of operation is excessive.

Q. For such an invading railway to duplicate your system into that territory and pry loose all the independent and Philadelphia and Reading Coal and Iron Company collieries from your system would that involve any

greater expenditure of money, in your judgment, than that involved in placing you there as you now are? A. Several times as much I should say. A new railroad coming in there would necessarily be obliged to avoid any grade crossings of existing railways, and under present conditions in Pennsylvania, avoid crossings of highways, and, the cost of construction would be very great on that account alone.

Q. You think that the cost of construction would be, as you say, several times what your cost was? A. I should think it would be several times what it cost the original road that goes in there now, and, multiply to that extent the fixed charges for the duplication of the system.

Q. Going back to your remark about the resultant gradient on the Lehigh Valley Railroad, and your remark that that involved higher operating costs, would it or not be a fact that such an invading railroad, taking certain choice of routes would have very generally much higher operating ratios than the Philadelphia and Reading? A. I think so; yes, sir.

Q. With your sidings into these various independent and Philadelphia and Reading Coal and Iron Company collieries, would it be a possibility for such an invading railroad to get into these collieries? A. I should say not. I do not know of any law that obliges the Philadelphia and Reading Railway Company to place its tracks and terminals at the service of another road. In fact, my impression is that that is expressly omitted in the Interstate Commerce Act, ruled against.

Q. How long has the Pennsylvania Railroad had its Schuylkill Valley branch into that valley? A. I have been with the Philadelphia and Reading Railway twenty-one years, and it was before that, but I believe not very long before that. I do not know, exactly.

Q. Has the Pennsylvania Railroad built any sidings into the collieries on the Philadelphia and Reading Railway system since you have been in the service of the Philadelphia and Reading? A. Not that I know of.

Q. Other than the independents or the Philadelphia and Reading Coal and Iron Company collieries? A. There is one case where an independent operator desired to get the service of the Pennsylvania Railroad and they bought the tracks and cut it loose entirely from the Reading and went over to the Pennsylvania Railroad. That is the case of the Buck Ridge, No. 2, near Shamokin. That is the only case I now recall.

Q. How long has the Lehigh Valley been in your region? A. Since before my time. I do not know how long.

Q. Have they ever built any sidings into the collieries, either independent or Philadelphia and Reading Coal and Iron Company, tributary to the Philadelphia and Reading Railroad system? A. There is a colliery near Shenandoah, known as the Kehley Run or Thomas Coal Company, that is served by the Reading, and the Lehigh Valley, as a track connection with our tracks, and props and mine supplies, and freight for the colliery are brought there by the Lehigh Valley.

Q. With the consent of the Philadelphia and Reading? A. Some agreement. I do not know its nature.

Cross examination.

By MR. COUDERT:

Q. Is there anything to prevent the owners of the collieries from allowing another railroad to run sidings into the collieries? A. It would not be physically possible. In most cases.

Q. In many cases it would be physically possible, would it not? A. No, sir; I think not.

Q. In what proportion of the cases? A. I do not know of any. Are you familiar with the construction of a colliery?

Q. Not at all. That is the reason I am asking you, because I am not and you are. There are a considerable number of collieries that are served by more than one

road, are there not? A. No, sir; I think not. I think it is very rare.

Q. There are some, as matter of fact? A. Not where two different railroads run their own cars and engines under the colliery. I do not know of such case.

Q. Assuming that it be physically possible for two sidings to run into a colliery if the owner of the colliery desires that to be done, there is no difficulty, is there? A. If the owner of the colliery owned all the tracks under and in connection with the colliery, and two railroads had connections with those tracks, then it would be feasible, yes, sir.

Q. And that is sometimes the case, is it not? A. No, sir.

Q. Do not the collieries themselves sometimes own ——. A. No; I think not. I do not know of a case.

Q. Are you quite sure about that? A. I do not know of a case.

Q. Suppose that the owner of the colliery, that is, the owner of the land, desires a railroad having a line adjacent to him to run a spur, is there any other obstacle than possible physical difficulty? A. If he makes an arrangement with the railroad; no.

Q. And the railroad runs it in? A. Yes.

Q. So that, the only obstacle you say is that you say that in the Schuylkill district in a large portion of cases there are physical difficulties? A. Very difficult physical difficulties.

Q. Owing to the narrowness of the valleys? A. Yes, sir.

Q. Therefore, a road running into the coal region, a new and invading road, as Mr. Reynolds calls it, would not seriously menace the Reading Railroad? A. I cannot answer that.

Q. If your testimony be correct, that it be impossible for these invading roads to reach your coal, then an invading road would not be a dangerous competitor, am I not right? A. I can only give you an example. The Le-

high Valley have a branch running into this region, known as the Blackwood branch that penetrates the very center of the southern field. I doubt whether they have ever succeeded in getting very much coal or doing much business over it.

Q. Then a new railroad by trying to penetrate into these fields, with these physical difficulties that you have mentioned as to reaching collieries, would scarcely be a danger? A. It would not keep me awake at nights, sir.

Q. Then how do you explain the fact that your company, or the Reading Company, paid in the neighborhood of two millions of dollars to prevent an invading railroad, as Mr. Reynolds calls them, from coming into that territory, and committed an illegal conspiracy? A. I am not aware that the Reading Railway Company ever did anything of the sort.

Q. The Reading Company? A. I do not know anything about it.

Q. You are not familiar with the decision of the Supreme Court about that? A. That is outside of my jurisdiction.

Q. I am perfectly familiar with the fact that your railroad paid in the neighborhood of two millions of dollars and entered into an illegal, and probably criminal conspiracy, for the purpose of excluding an invading railroad. How do you explain that fact, in view of your assertion that the invader could not take the coal from that district? A. The Philadelphia and Reading Railway Company?

Q. The Reading system.

MR. REYNOLDS:—The railroad was not anywhere near the Reading Railway.

By MR. COUDERT:

Q. Then in view of the fact that in your opinion an invader of these coal fields could not reach your collieries, and, in view of the fact that such an invader would not be a menace to your business, do you think that your railroad, or any of its affiliated companies, would be justi-

fied in paying a large sum of money to keep out an invading railroad from any portion of the coal field? A. When you say "any portion of the coal field" do you mean the portion from which we derive our traffic?

Q. Any portion whatever? A. We are not interested in the traffic from the Wyoming Valley.

Q. So you cannot conceive any advantage accruing to your railroad from buying out an invader attempting to locate anywhere in the coal fields? A. Not to our railway, no, sir.

Q. Therefore, you cannot explain why a conspiracy was entered into with that object, and great sums of money paid? A. I have no knowledge of any such thing.

Q. Then such a railroad, if it did not touch the same collieries, and, according to your testimony it could not, would not have been dangerous as a competitor? A. Not to the Philadelphia and Reading Railway Company; no, sir.

Q. It would not? A. No, sir; I think not.

Q. It would not have been worth while to engage in any conspiracy to avoid any law, criminal or civil, or to pay millions of dollars to prevent it coming in? A. Not to the Reading Railway.

Q. That is your judgment? A. That is my judgment.

Q. Yet, you know it was done. A. No, sir; I do not.

Q. You never heard of the case of the United States *vs.* The Reading Company? A. I know nothing about it.

Q. You never read about it in the newspapers? A. I have read about it in the newspapers, but I know nothing about it.

Q. You are so unfamiliar with the coal situation that you know nothing about it? A. I do not disturb myself about it.

AGNEW THOMPSON DICE, having been duly sworn:—

MR. REYNOLDS:—Before examining the witness, I put in evidence his testimony from the old record, volume 4, page 625, and following, which he gave on April 28th, 1909, as follows:—

Testimony of Agnew Thompson Dice, a witness called by the defendants in the old suit. (Volume IV, page 625 and following.) April 28th, 1909.

AGNEW THOMPSON DICE, called on behalf of the Philadelphia and Reading Railway Company, having been duly sworn, was examined as follows:—

By JUDGE CAMPBELL:

Q. You are now the general superintendent of the Philadelphia and Reading Railway Company? A. I am.

Q. And also of various affiliated companies which, while maintaining a separate and independent organization from the Philadelphia and Reading Railway Company, are affiliated on account of a major interest of the Reading Company in their share capital, and form part of the so-called Reading System? A. I am general superintendent of the system of the Philadelphia and Reading Railway and affiliated lines.

Q. How long have you been general superintendent? A. Since the 1st of May, 1903. On the 1st of February, 1897, I was appointed superintendent of the Shamokin Division of the Philadelphia and Reading Railway and on May 1st, 1903, I was appointed general superintendent, which position I now hold.

Q. You have stated that you were for some years local superintendent of the so-called Shamokin Division of the Philadelphia and Reading Railway Company. I would like you to describe orally what is included in the so-called Shamokin Division, giving it a general description so as to differentiate it from other parts of the road in the coal region. A. By reference to the map?

Q. By giving some oral definition of it, but keeping your eye on the map so as to guide you. A. The limits of the Shamokin Division are Tamaqua on the south, where it joins with the Reading Division of the Philadelphia and Reading Railway and runs north and west through the Mahanoy Valley, through the Locust Summit region to Shamokin, thence north to Williamsport and Newberry Junction, where it connects with the New York Central

Railroad. Then we have, from a point seven miles north of Tamaqua, an alternate line known as the Catawissa Line, which diverges there from the Shamokin Division, running north and east, or more nearly north, through the Catawissa Valley and again joining the Shamokin Division at West Milton. The two lines are each about sixty-five miles in length. Over the Catawissa line we handle our through bituminous coal and through trade and merchandise traffic going to and coming from north and west.

Q. Tamaqua is on the leased line called the Little Schuylkill Railroad Coal and Navigation Company? A. I am not certain of the full extent of the original title. It is called the Little Schuylkill Railroad now.

Q. It extends down through Tamaqua to Port Clinton, where it joins the main line from Pottsville? A. Yes, sir.

Q. There are no coal operations whatsoever on the line of the Catawissa Railroad proper? A. No.

Q. North of the Catawissa Mountain there are no coal operations tributary to the Philadelphia and Reading Railway System? A. No.

Q. I want to call your attention, before you leave that subject, to a little independent road to Coleraine Colliery; what is the name of that? A. The Beaver Meadow Tresckow and Northern, I believe.

Q. That belongs to the owner of the Coleraine colliery? A. Yes, sir.

Q. Some estate is the owner of that property; do you recall the name of it? A. Van Wickel.

Q. About how many miles is the Coleraine Colliery from this connection with your branch up in there? A. About a third of a mile.

Q. That is the only colliery in that region that ships its coal over the lines of the Philadelphia and Reading Railway System? A. Yes, the only one.

Q. Let me call your attention to the fact that, from some collieries in the so-called Audenried region or Lehigh region, the Central Railroad Company, with its own power under trackage right and the payment of so-called

rental, transports, with its own power, the coal produced from their collieries there, from a connection with their tracks of a branch of the Catawissa system, down to Tamanend, where they continue on over their own system. A. That is correct.

Q. Those operations are the sole operations producing anthracite coal connected with the tracks of your Catawissa system? A. They are.

Q. So far as the anthracite coal regions are concerned, I take it from what you have said that this Shamokin Division includes everything north of the summit of Broad Mountain? A. It does.

Q. Substantially everything north of Broad Mountain? A. Yes.

Q. The other coal regions south of Broad Mountain, in the Minersville region, Lykens Valley and so forth, they are included in the other division? A. They are all in the Reading Division.

Q. They are all included in what is called the Reading Division? A. Yes.

Q. You are equally familiar, are you not, with all the geographical features of the southern part of this coal field, as well as of the northern, from your experience since you became general superintendent? A. Yes, I am.

Q. I wish you would begin at such a place as you may see fit and describe, in a general way and in some detail, the mode and method of carrying empty cars to the breakers, carrying loaded cars from the breakers to the various gathering points, describing them, throughout the whole system, following your map so you can keep continuity of thought about it. A. The map shows in a comprehensive way the entire coal region of the Philadelphia and Reading Railway, and it is corrected up to date, showing both the active and abandoned collieries. At St. Clair the coal is weighed and forwarded; that is all coal from the Shamokin Division. The empty cars are assembled there and distributed throughout the Shamokin region. From St. Clair to Mahanoy Plane, a distance of seven miles, we have a grade of one hundred and

eighty-five feet to the mile. Our largest engines haul fourteen to sixteen empty cars up that grade. The cars are there lowered over Mahanoy Plane and again picked up with engines and distributed throughout the coal region.

Q. I wish you would describe that plane, while you are passing it, the method of its operation. A. The plane is a double track inclined plane about fourteen hundred feet long and having a vertical lift of three hundred and sixty-three feet. The empty cars are lowered on the plane and the loaded cars are hoisted. The maximum load loaded on the plane is one hundered and ten tons.

Q. How much does that represent in cars? A. That represents in cars not to exceed three of our sixty thousand pounds capacity cars; two of our fifty-ton cars. There are, passing over that plane and over that one hundred and eighty-five foot grade between St. Clair and Mahanoy Plane, each working day, about one thousand empty cars and one thousand loaded cars. We have a distributing and assembling yard at the foot of the plane, from which the empty cars are distributed to the various collieries on the Shamokin Division. We have from Mahanoy Plane to Gordon a descending grade of fifty-two and eight-tenths feet to the mile. Empty cars are taken down there in trains of from fifty to seventy-five cars, as it may suit the trade, and are set off at Gordon; that is a distance of eight miles. From Gordon to Locust Summit, seven miles, we have an ascending grade of one hundred and thirty-two feet to the mile. An engine will take about fifteen empty cars to Locust Summit. From Locust Summit into Shamokin we have a descending grade varying somewhat, but generally seventy-five feet to the mile; that is on a distance of twelve miles. At Shamokin we again have a small distributing and assembling yard, from which the collieries in the immediate vicinity of Shamokin are served. Leaving Shamokin we go to North Franklin Colliery, which is the most northerly and westerly colliery of the Philadelphia and Reading Railway and is about forty miles from the St.

Clair yard. There were at North Franklin originally two collieries which were abandoned about the year 1898, and one colliery opened in place of the two. In handling the product from North Franklin Colliery, we have Herndon Branch Junction, which is two miles beyond Shamokin and which is six and six-tenths miles from Treverton, where North Franklin Colliery is located. In operation, an engine will take from sixteen to seventeen cars from Shamokin to Kulp's Summit. They there set off those cars, go back to Shamokin for another train of sixteen or seventeen cars, taking them up to Kulp's Summit, and the same engine that delivers the cars to this North Franklin Colliery, hauls the loads from North Franklin Colliery to Kulp's Summit. It will haul up there about fourteen or fifteen loaded cars, and will take the same number of cars into Shamokin yard. North Franklin Colliery produces about sixty loaded cars a day, so that it takes from four to five trips of an engine between Shamokin and North Franklin Colliery to handle the output, or requires about sixteen or eighteen hours each day for one engine. Of course, there may be a different crew; that is expressed simply as engine hours. From Shamokin an engine will haul to Locust Summit, which is a seventy-five foot ascending grade, seven or eight loaded cars. The cars are dropped down from Locust Summit to Gordon in trains of about thirty-five cars each. From Gordon they are hauled to Mahanoy Plane in trains of about forty-five cars each, with three engines, three of our largest engines on the train. At Mahanoy Plane they are put on the plane and hoisted, not to exceed three cars at a time, and are hauled down the Frackville grade to St. Clair in trains not to exceed thirty-five cars to a train. We have to limit the length of our train on that down grade on account of the danger in operating a very steep grade.

Q. I wish you would go back and mention all of the several collieries that are tributary to that Shamokin yard, so-called, and the quantity of coal from the whole of that region that is handled in the way you described with re-

spect to the output of the Franklin colliery. A. The Bear Valley, Burnside and Henry Clay collieries are supplied with cars and are handled, from the transportation standpoint, by the railroad forces at Shamokin. Bear Valley and Burnside collieries particularly are on very heavy grades.

Q. Are those on the main line or on coal branches? A. They are on coal branches by themselves.

Q. I wish you would mention the coal branches leading to these various collieries as you are passing them. A. Henry Clay has an output of about 1200 tons, about sixty cars per day; Bear Valley about fifty cars per day; and Burnside about seventy cars per day. The Bear Valley, Burnside and Henry Clay collieries require three engines about ten hours each to serve them, each working day.

Q. For each colliery or the three? A. For each colliery.

Q. That means nine engines for the three? A. Oh, no; three engines about ten hours each.

Q. To serve these three collieries to and from Shamokin yard? A. To serve these three collieries to and from Shamokin yard.

Q. All this product, of course, distributed from the Shamokin yard, takes the same course as you described with respect to handling the output from the Franklin Colliery? A. Precisely. Corbin, Excelsior, Enterprise, Locust Gap, or rather Locust Spring, Alaska, Reliance and Natalie collieries are handled from our yard at Locust Summit.

Q. In a similar way? A. In a precisely similar way.

Q. That is to say, the coal is collected from the collieries to the yard and assembled in the trains there? A. And then hauled along to the St. Clair yards over the same route I described for the Shamokin coal.

Q. How is it about the coal branches to those several collieries you mentioned? A. The branches at Excelsior and Corbin collieries are on very heavy grades; Enterprise Branch is practically a level branch; Alaska Colliery

is along the main line, on, however, a seventy-five foot grade on the main line. The Reliance Colliery is on a branch with a light grade. Natalie Colliery is on a branch about four miles long, with a grade of about sixty feet to the mile. with a switchback on it.

Q. Describe a switchback. A. The Natalie Colliery is just on the top of the mountain and, in order to reach it from Alaska, you cannot get over there and get up by a continuous line, and we run along the side of the mountain up to a certain point, then stop and branch off this line ——

By JUDGE MOOT:

Q. You zigzag up the mountain? A. Yes.

By JUDGE CAMPBELL:

Q. Now go on to the next region. A. Potts Colliery, the next one east from Locust Summit, is served from Mahanoy Plane, over another branch, which we call the Ashland Upper Route. That is a single track line with a grade running up to one hundred and eighty-five feet to the mile. We can handle with the colliery engine about twelve empty cars up that grade and haul about an equal number of loaded between the colliery and the foot of Mahanoy Plane. Big Mine Run, or rather Bass Colliery is another operation on the Ashland Upper Route which is served against that heavy grade. The production is also handled from Mahanoy Plane. All of the collieries in the Shenandoah region, Keely Run, Knickerbocker, Indian Ridge, Blank Ridge, Shenandoah City, Cambridge, Maple Hill, Suffolk, St. Nicholas, Kohinoor, West Shenandoah, Hammond, are handled, and Bear Ridge is also handled, from Mahanoy Plane.

Q. I wish you would describe that Shenandoah Branch. A. The Shenandoah Branch is a single track branch about seven miles long, on which are handled about two hundred and fifty cars of coal a day. From Mahanoy Plane to Preston Junction, two miles we have a descending grade going to the Shenandoah Branch of about one foot to the mile. From Preston Junction is an ascending grade to the various collieries, limiting the number of empty

cars that an engine can haul from Mahanoy Plane to any of the collieries to about fifteen and, with the return of the loaded, the grade from Preston Junction to Mahanoy Plane limits the loads handled per engine to about twelve or fourteen loads. We have working on that branch about five engines, handling the product of these collieries; we have five engines, working about twelve hours per day each. There are also collieries at Stoddard, Draper, Gilberton, Boston Run, Tunnel Ridge and North Mahanoy and Mahanoy City collieries. Of those collieries Draper and Gilberton are on branches with very heavy grades. The other collieries named in that group are on comparatively light grades. In giving the collieries on the Shenandoah Branch I inadvertently included some of the collieries on the Ellengowen, but did not include them in the time necessary to serve them with engines. The Ellengowen Branch is a branch two miles in length, leading off of the main track of the Shamokin Division at St. Nicholas. On the Ellengowen Branch are Knickerbocker, Ellengowen, Maple Hill, Suffolk and St. Nicholas collieries, producing about two hunderd cars of coal a day. The grade going up the branch from St. Nicholas is an ascending grade of about sixty feet to the mile. An engine will haul fourteen or fifteen empty cars up the branch and will return with about thirty loaded cars. The Ellengowen Branch requires four crews about ten hours per day to handle the production. All this Shamokin Division coal as I have stated before, is handled by Mahanoy Plane, except in case of any interruption to the operation of Mahanoy Plane, which occurs occasionally, when part of the coal is handled south via Tamaqua and the remainder is handled over what is termed the Bear Run Junction route, which is a connection between the Shamokin Division and the Reading Division, running up the mountain side on a grade of one hundred and thirty-two feet to the mile. We have altogether on the Shamokin Division forty-seven engines constantly engaged in the work of distributing empty cars and gathering anthracite coal and putting it at the foot of Mahanoy Plane, and forty-

seven engines are not able to do all of the work with a single crew, so that we have forty-seven engines and fifty-seven crews constantly in that work, taking care of the Shamokin Division coal between the collieries and the foot of Mahanoy Plane.

Q. Describe a little more fully the movement over Mahanoy Plane and the Plane itself. A. Mahanoy Plane is a double-track inclined plane. There is an engine at the head of the Mahanoy Plane of twenty-five hundred horse-power, with two forty-five by sixty-inch cylinders, and a nest of five Sterling boilers furnishing steam for the engine. There are two twenty-foot drums or shieves on that engine, around which wire cable is wound and rewound, and to either end of the wire cable is attached a safety truck. The safety truck in going down the plane at the foot of the plane drops into a pit provided for that purpose, so that empty cars can run out over the safety truck, and in putting the loaded cars on the plane, the loaded cars run in over the safety truck and then, when the engine is started, the safety truck rises up out of this hole and comes up against the cars and pulls them up the plane.

Q. Before we get to the service at the scales, I would thank you to take up the various fields in the lower region of your Reading Division, anthracite coal, that is, going through the same method of description, locating the yards, the method of assembling, and so forth. A. At Cressona, which is on the Mine Hill and Schuylkill Haven Railroad and is about six miles south of St. Clair yard, we have another yard and a weigh scale where the coal that is mined south of Broad Mountain is handled. The coal from Kaska William, Silver Creek and Eagle Hill collieries is handled through the St. Clair yards. At Cressona we handle all of the coal mined south of Broad Mountain, except those three collieries. Brookside colliery is the most westwardly colliery in the Reading Division and south of Broad Mountain about twenty-five miles from Cressona scale. One engine will handle thirty-eight cars from Cressona scale to Tremont, about fifteen miles. From Tremont to Keffers, about five miles, one engine

will handle eighteen cars. From Keffers to Brookside, one engine will handle abouty thirty empty cars and return with about thirty loaded. Brookside produces about fifty-five loaded cars per day, requiring the services of one engine and crew for about fourteen hours. Lincoln colliery, on the Lorberry branch, which is a branch with a switchback on it, a grade of about sixty feet to the mile, is served with one engine and an engine will haul over that branch eighteen empty cars. On account of the grades and the switchback, it cannot haul more than eighteen loads out from the colliery. That colliery, with a capacity of sixty-five cars per day, requires the use of one engine and crew for about seven hours each day. We have Good Spring Colliery, Donaldson, Phœnix Park No. 3, Otto, Buck Run, Glendower, Butcher Creek Washery, Ellsworth, Oak Hill, Wadesville and Pine Knot collieries, all of which are handled from Cressona. The collieries south of the mountain require twenty-five engines and twenty-five crews, working about twelve hours each to handle their product. That includes all collieries on the Reading Division.

Q. Now you have described the *modus operandi* of collecting the coal from the collieries to the scales and the carrying of the empty cars from the scales to the collieries. Be good enough now to describe, as briefly as you may, to be accurate, the *modus operandi* of handling and assorting the coal at the scales, assembling it into trains for consignment and in general the operation of the yards at the scales. A. At St. Clair we have a yard that will accommodate about two thousand cars, which is about one day's business. We have under consideration at this time the question of spending a million dollars there for improvements and additions to the yard, and at the same time spending $100,000 on the Mahanoy Plane for improvements. As I explained, all of the Shamokin Division coal, the coal from Kaska William, Silver Creek and Eagle Hill, is assembled at St. Clair, weighed at that point and the shipping directions are given there. The coal is classified on the various tracks south of the scale as to

destination. We have about twenty tracks now on which we can classify, and our proposed plan is to have thirty-two tracks. On account of the great variety of sizes and kinds of coal, the question of classification is a very tedious one. At certain times the market will take certain sizes of coal and other sizes it will not take. So we constantly have at our scales what is known to the men as surplus coal. It is coal which, when it reaches the scale, there are no orders for and it is there held in surplus until an order is received either to forward the coal on a direct consignment, or to forward it to one of our various storage yards for dumping and putting in storage. When a consignment is given, it of course requires additional switching in order to get the coal out of the classification yard where it has been switched, and the classification yard is on a very heavy grade, so that the handling of that surplus coal is a matter of considerable expense. The coal that goes on direct consignment is classified and is picked up at St. Clair yard by an engine and hauled to Palo Alto, a distance of three miles, and there taken by road train to destination. The destination may be Harrisburg, Port Richmond, Port Reading, or to local destinations. The trains consist of about sixty-five cars each, or three thousand tons per train and, of course, in the distribution of the anthracite coal there is a tremendous amount of stopping and setting off of loaded cars and returning cars, stopping and picking up of empty cars and taking them to the coal regions.

Q. Before you proceed further in regard to the ultimate destination of this coal, I would like you to state the comparative cost of gathering the coal from the collieries, supplying the empties, carrying it to the scales, handling it at the scales, with reference to the cost of the haulage of the loaded train from the scales to the destination. A. Each colliery, of course, produces a great number of sizes of coal. The coal coming out of the mine and into the breaker is broken up, separated into the various sizes being prepared for market. There are many sizes, and the different sizes largely go to different places, so that we have at all our col-

lieries a number of both empty and loaded car tracks, on which the cars are switched so that they may be available for loading as the necessity of the breaker requires; they get their Chestnut coal or their Pea coal chutes, as they term them, in the breaker full, and they must have a car to load that particular coal on. It may be a Reading car or it may be a car for loading to Chicago, or some other point, so that we must constantly have at the collieries a number of different cars, coal cars and box cars, and be prepared to furnish them as they are needed at the collieries. After the cars are run into the breaker and loaded, they are dropped below the breaker and are there switched into trains to be hauled to the scale. The North Franklin Colliery, for example, is forty miles from St. Clair scale. Brookside Colliery is twenty-five miles from Cressona scale, and with this tremendous number of small sidings and branches, and coal operations, the question of supplying the collieries with empty cars and distributing them and assembling the loaded cars is, of course, a complicated and expensive arrangement. It costs us pretty nearly twice as much to gather our coal at the scales, ready to forward to market, as it does to haul it from the scales to market.

Q. Before leaving this feature, I wish you would describe the character of the cars that are required by this anthracite coal service, in respect of capacity, as compared with those that are required in the bituminous service, for instance. A. The important difference between anthracite and bituminous coal is that bituminous coal is usually sold run of mine, that is, all the output is of the same grade and can be loaded, weighed and consigned without furnishing a different kind of car. With the antracite coal, with the different sizes and the fact that one day there is no market for coal and another day there may be, we have to have on hand all the time a variety of cars. One colliery, for example, in making a call for cars at night will call for, say ten P. & R. cars, five west of Buffalo box cars, three cars for loading to the South and as many more for loading to New England points.

The Railway Company to meet that must always have on hand foreign cars, on which they, of course, pay a *per diem*, and often, after cars are held for a few days, we find that orders have not materialized and the cars are sent home empty. That is the exception, of course. The breakers, many of them are old and were built when there was no thought of a car of one hundred thousand pounds capacity, so that we find ourselves to-day with a large proportion of our equipment being the old, low-side car. The coal companies can not, in a wholesale manner, rebuild their breakers and we have to provide cars that can be loaded at the breakers. We have now eleven thousand five hundred and ninety-three twenty-five-ton cars, that is, fifty thousand pound capacity cars, which were built about sixteen to eighteen years ago. We figured a little while ago on not spending much money on the repairs of those cars, but, as they got to a certain stage, to destroy them and replace them with other cars. The problem was what other cars we could use. We could not use one hundred thousand capacity cars extensively at all, because only about twenty-five per cent. of the breakers can load the one hundred thousand ton cars. Again, even when they can load them, the farmer and the grocer and the man living out in the country wants twenty or twenty-five or thirty tons of coal and does not want fifty, so we cannot load the one hundred thousand pound cars to the small consumer of coal. In replacing those eleven thousand five hundred and ninety-three cars with an equivalent carrying capacity, we got the following: It would require ninety-six hundred and sixty-one, thirty-ton cars, at $900 each, to provide an equivalent carrying capacity, and they would cost $8,694,900. To replace them with the forty-ton car would require seventy-two hundred and forty-six forty-ton cars, which would cost $950 each, or a total of $6,883,700. It would require fifty-seven hundred and ninety-seven fifty-ton cars, at $1055 each, a total of $6,086,050. That shows that to replace our present old equipment of twenty-five ton cars with fifty-ton cars would cost us $2,608,850 less than to

replace them with thirty-ton cars. We would not think of building a thirty-ton car if it was not for the anthracite coal business. The bituminous man and the blast furnace man with the iron ore will not take a thirty-ton car. They want a one hundred thousand pound car, because it will carry a larger load and because it is what we call self-cleaning, or self-unloading. You open the doors in the bottom of the car and the load runs out. We therefore have fifty-ton cars and the thirty-ton cars and will probably have to perpetuate them on account of the necessities of the anthracite trade. That leads to another condition which is everywhere recognized as a most unfortunate one, and that is in the operation of the railroad we have trains mixed up with twenty-five, thirty and fifty-ton cars, both loaded and empty, which makes a rather dangerous condition. The ideal condition is, of course, all cars of the same capacity.

Q. And standard of strength? A. And standard of strength. Every other industry that we know of wants the high capacity car, and we cannot put it in the anthracite trade extensively. Another thing is, on a twenty-five-ton car we have a dead weight of six-tenths of a pound for each pound of lading. On a thirty-ton car we have a dead weight of five-tenths of a pound for each pound of lading. On a forty-ton car we have a dead weight of forty-five-hundredths of a pound for each pound of lading. On a fifty-ton car we have a dead weight of forty-two-hundredths of a pound for each pound of lading. So there is another condition that the perpetuation of the low capacity car forces on us, that we must continue hauling a greater amount of dead weight for a paying load than we ought to or than we do in any other branch of the business. Again, when a car is put in to load bituminous coal or ore, the car is put in without much preparation, just as it is found. A car that is put in for anthracite loading, must be swept and cleaned, the same as you would for high-class merchandise. If a car of anthracite coal is wrecked (a number of them are wrecked) the coal is scatterd over the ground, and it must be

picked up and paid for by the Railroad Company. It cannot go to market. The Railroad Company must make what use of it it can. If a car of bituminous coal is wrecked, they pick it up usually and send it to market, simply making a deduction for the actual loss in weight, or, if not, we can use it on our engines and get as good results from it as coal that we buy and that has not been wrecked. There is also, of course, a great deal of coal stolen, anthracite coal stolen in transit, and practically no bituminous coal. We have a large force of special officers tracing the thefts of coal right along, and we arrest them for stealing the coal and they get before a magistrate or before a court and say that they were cold and needed the coal, and they are let go. We have had that actually happen time and again. Again, anthracite coal has a tremendous loss in leakage. Take the finer sizes of coal, and nobody has ever found the way yet to get a car that will hold the small sizes of anthracite coal in transit. We are paying tremendous sums every year for coal loss in that way and, in addition to that, we have on our main line track, between St. Clair and Cressona scales and Reading particularly, and to some extent south of Reading, but particularly north of Reading—we have to go over that entire southbound track once in three or four years and take out the ballast, screen it and take out the coal dirt that has gradually leaked out of the cars on to the track. We have to clean it over every three or four years. The fine coal gets in the ballast and packs and simply destroys the drainage, and we have to go over it every three or four years for that reason. There is one other peculiarity about the coal trade, and that is, take our Shamokin Division for example, the coals in the vicinity of Mahanoy City, the southern part of the Shamokin Division, are what is known as Hard White Ash coals. The Shamokin coals are a Red Ash coal and are softer and freer burning. The softer coals are usually in demand South, not only in the southern part of the State, but particularly south of the Pennsylvania State line; while the harder coals are in demand in the North and

West, and we have constantly on the Shamokin Division the peculiar condition of hauling the southern coals north and the northern coal south.

Q. And both ways over these summits? A. And both ways over these summits.

Q. Passing each other? A. Passing each other and running in opposite directions. The people want the coal and they will have it, of course; we must supply it.

Q. The market is very fastidious about the sort of coal it uses, I take it? A. It is indeed.

Q. You have brought your coal from the scales destined to New York tide. I want you to speak of that particularly, because it is rather peculiar to this litigation. Where is the point of divergence of the tracks which lead to Port Reading from the old main line? A. That is at Bridgeport. That is seventy-five miles south of the St. Clair scale.

Q. From that point to Port Reading how does the coal move usually. A. The coal moves over our Norristown Connecting Railroad, down over the Philadelphia, Germantown and Norristown to Plymouth Branch Junction and thence over the Plymouth Branch to Oreland. The Plymouth Branch is a single track line with a maximum grade of about sixty feet to the mile; about eight miles long. We haul a train over the Plymouth Branch with about twenty-six or twenty-eight loads, with two engines.

Q. You mean two engines on a train or two engines in service? A. We put a pushing engine on and push them over the branch.

Q. That is two engines to the train? A. That is two engines to the train. Then they go from Oreland to Jenkintown over our Bethlehem Branch and from Jenkintown to Port Reading Junction over the New York Branch, and, of course, from Port Reading Junction to Port Reading over the Port Reading Railroad.

Q. What is the maximum train load that you can handle from Bridgeport to Port Reading yard? A. Two thousand tons.

Q. How many cars? A. That is about twenty-eight cars.

Q. As compared with the number of cars you haul from the scales to Bridgeport or Philadelphia, Port Richmond, what does that mean? A. We haul three thousand tons from the scales to Bridgeport and two thousand tons from Bridgeport.

Q. Only two-thirds the quantity of the train load going to Port Reading? A. Two-thirds.

Q. This wearing out and destruction of the cars in the service which you have described must be reimbursed, as a matter of course, from the earnings for the carriage of that coal? A. That is the only place to get it from.

Q. You may describe the service of the Port Reading Railroad Company at its terminal, after your service of transportation, delivering the coal into your yards, is ended, so as to get the coal over the piers into the vessels, the service of shifting in the yard to get the coal, as it is needed for a particular boat, up over the trestle or wharf on to the wharf, discharged, weighed and so forth. A. Roughly, we run over the Port Reading tracks with our through trains and from Port Reading Junction to Port Reading, which is seventeen miles, and at Port Reading make delivery of the loads to the Port Reading Railroad in their yard, and the Port Reading Railroad employs the engines and crews that do the local handling, switching cars on to the piers, unloading them, returning the empties to the yard.

Q. Do you know what allowance is made to the Port Reading Railroad Company for that service? A. I understand it is fifteen cents a ton.

Q. That applies to both bituminous and anthracite, I am told? A. I understand it so.

Q. How many miles of tracks, sidings and so forth, and so forth, are operated within the city limits of Philadelphia by the Philadelphia and Reading Railway Company system? A. Approximately three hunderd miles.

Q. And the coal delivered in Philadelphia is distributed all over the territory covered by those three hundred miles of track? A. Yes, sir.

Q. When deliveries are made to coal yards are they in

large quantities on an average or rather small quantities, a few cars to a yard? A. Only a very few cars to each delivery.

Q. I omitted this morning to call your attention to another differentiation in the cost of handling anthracite coal, especially the troubles that come in Winter and Winter storms and rain and ice, and so forth and so forth. Please go into that in some detail. A. In order to understand it properly, the trade demands anthracite coal to be clean. That has led the coal companies to wash all of their coal in the breakers, and it is loaded into the railway cars wet. The smaller sizes, Chestnut and below, when it reaches market, in the Winter, is frozen in the cars, and it is extremely difficult to unload. We have experimented somewhat at our tidewater points with steam plants to thaw out the coal before unloading. We have not been able to do it satisfactorily, and we unload to-day by pick and bar largely when coal is frozen. We have to pick it and bar it out of the cars, having to bar the doors under the cars open. They are also frozen. It makes it very difficult and expensive unloading, and, also, results in considerable damage to the cars. That is a condition, of course, that applies particularly to anthracite coal, on account of its being loaded wet at the breakers.

Q. How is it about the effect of the Winter storms and snowdrifts, in respect to the expense of operation during the Winter? A. The conditions in our coal regions are, of course, particularly severe during the Winter. There is a great deal of snow and cold weather, being a mountainous district.

Q. Does that have any effect particularly on handling the trains up and down these grades, of which you have spoken, as compared with handling it on a comparatively level or low grade line? A. It has a very marked effect on those colliery branches with the hard grades. When we get zero weather we have to reduce our train load about thirty to forty per cent.

Q. You referred in your testimony to abandoned collieries and colliery branches, and so forth, but you went

into no detail about it. What is the effect on the expenditure that has been made by the Railway Company to build coal branches and construct them and maintain them after the abandonment of the collieries? A. It leads to the abandonment of the branch leading to the tracks at the colliery which is abandoned. There are many cases where collieries have been abandoned on our system where the tracks have been taken up. The rail that was in the track, of course, we sold for scrap, but the other material is lost.

Q. So that the cost of construction of those colliery branches must be absorbed in the rates that have been received for transportation during the operation of the colliery? A. Yes, sir.

Q. What do you know of the subject of the increased cost of all kinds of conducting transportation that has been made between the time when the Philadelphia and Reading Railway Company began its operations December 1st, 1896, and the present time? A. In 1897, we were paying on the Shamokin Division for ordinary labor one dollar and twenty cents for a ten-hour day. We were told that we were paying more than the market price for labor, as in the ore mines in the eastern part of Pennsylvania they were paying common labor ninety cents a day of ten hours. We reduced our pay to one dollar and ten cents per day of ten hours, or eleven cents per hour. A short time after this there were some readjustments made, and the rates of pay were raised. I do not recall now just what they were made at that time, but, in 1902 we had a general increase of ten per cent. to all classes of employes, and again in November, 1906, we had another ten per cent. increase; that is ten per cent. on the ten per cent., which means a total of twenty-one per cent. on the scale of wages paid before 1902. In addition to that, in 1906, in making the adjustments, particularly with our train men, we changed from a twelve-hour day to an eleven-hour day. That is, a man started out on a run, and if he made the run in twelve hours he was paid no overtime. We changed the basis then to eleven hours,

so that if he makes the run in twelve hours now he gets a day and one-eleventh, which meant another increase of about a little over eight per cent. There were also a number of concessions made at Harrisburg and Philadelphia, Reading, Newberry Junction and Port Reading, where we raised the pay of our yard men more than the ten per cent. to get them nearer on an equality with what some of the other roads were paying. We also gave them some concessions in the way of calling a crew. In the later days we called a crew for four o'clock in the afternoon. If the crew started out at four o'clock their time began at four o'clock. If he was delayed in the yard or at the terminal, did not get out until five o'clock, his time did not start until five o'clock. We made the concession that the crew should be paid for the time they were called. If we did not get them out of the yard it was our expense and not theirs. The net result, so far as the two increases in pay are concerned, the one in 1902 and the one in 1906, with the other concessions made in 1906, resulted in an increase of not less than twenty-one per cent. to all our employes and as high as twenty-nine and thirty per cent. to other employes, particularly in the train service.

Q. This increase of track service and train service? A. That includes all employes. In addition, there has been a tremendous increase in the price of materials, crossties and lumber and timber, and general supplies which a railroad company uses in the business of transportation.

Q. Notwithstanding all these increases of cost to which you have alluded, there was no increase in rates for transportation? A. I understand not. There has not been in the coal rate.

Q. Since you gave the testimony which I have just put in evidence, on April 28th, 1909, what promotion have you had in the service of the company? A. I was promoted to General Manager three years ago, and a year ago the 1st of January to the office of vice-president and general manager.

Q. Have you any connection with the Philadelphia and Reading Coal and Iron Company? A. None whatever.

Q. Have you ever had? A. Never.

Q. With the Central Railroad Company of New Jersey? A. No, sir.

Q. With the Lehigh and Wilkes-Barre Coal Company? A. No, sir.

Q. With the Lehigh Coal and Navigation Company? A. No, sir.

Q. With the Lehigh and New England Railroad Company? A. No, sir.

Q. With the Lehigh and Hudson River Railroad Company? A. No, sir.

Q. Please state what, if any operating reasons cause you to move anthracite coal from the coal regions to Washington and points south of Wilmington in the way you move it, stating what way that is? A. That coal is moved to Belmont, which is in Philadelphia, via the main line of the Philadelphia and Reading Railway and there delivered to the Pennsylvania Railroad or to Park Junction, which is also in Philadelphia, and there delivered to the Baltimore and Ohio Railroad. The reason for that is that we have ample track facilities on the main line of the Reading Railway for the movement of that coal to Philadelphia and very favorable grades while to move it via the Wilmington and Northern would involve breaking those trains at Birdsboro which is eight miles south of Reading, and delivering it over a very unfavorable line. The movement from north of Reading to be forwarded by either route would be practically the same, but the movement from Reading to Philadelphia via the Philadelphia and Reading Railway is on a river grade with no adverse grade against the loads, and only a very slight grade against the empties returning, enabling us to handle the coal to Philadelphia in trains of about seventy-five cars, three to four thousand tons to the train, depending, of course, upon the capacity of the cars. While as to the Wilmington and Northern, we would have to break up those trains at Birdsboro, or the Wilmington and Northern Junction and move them from there to Joanna, ten and seven-tenths miles, in trains of about twenty cars

each, requiring four trains to move the one Philadelphia and Reading train to Joanna. From Joanna to Cossart, via the Wilmington and Northern, we have forty and six-tenths miles with no adverse grade, but, on account of the alignment, it is not practical to handle more than forty cars to a train, from Cossart to Summit, five and seven-tenths miles, adverse grades limit the train to twenty-five loaded cars. From Summit to Elsmere Junction, which is the connection with the Baltimore and Ohio, there are four and six-tenths miles, and to Wilmington six and six-tenths miles, on which line there is no adverse grade against the loaded movement. There is, however, between Wilmington and Elsmere Junction and Summit an adverse grade against the northbound empties limiting the haul there to thirty cars. From Coatesville to Brandamore on the same line there is a heavy adverse grade against the northbound empties, limiting the movement of empty cars to trains of from twenty to twenty-five. The Wilmington and Northern is a single track railroad of very heavy curvature, running up to twelve and three-fourth degrees, and, as a matter of fact, on the entire Wilmington and Northern Railroad, about seventy miles long, 55.78 per cent. of the track is curved track. So that the Wilmington and Northern is an impracticable route over which to move any considerable volume of business. It is confined largely to the handling of local business, and while it would be possible to double-track the road, and it might be practicable to move the curvatures, it would be impossible to eliminate the grades.

Q. Regardless of any traffic considerations or business policy, then is it a fact that merely from the operating standpoint, you route the coal via the route you do route it? A. Absolutely. We would be seriously hurt attempting to haul it over the Wilmington and Northern.

Q. Can you say whether or not the operating cost of moving the same tonnage over the Wilmington and Northern to Wilmington would necessarily be much larger than via the Philadelphia and Reading to Philadelphia and the other routes that you use? A. It would be very much larger.

Q. You do not have any doubt about that? A. There is no doubt about it. It is the fact.

Q. So somebody would have to pay higher operating cost to get the coal over this cross country single track up and down route if it moved that way? A. Unquestionably.

Q. As an operating man, your headquarters are at Reading, are they not? A. Yes, sir.

Q. Is there any physical connection between the Wilmington and Northern and the Pennsylvania at Reading? A. There is not. The Wilmington and Northern does not reach Reading over its own rails.

Q. In connection with the handling of anthracite coal and your other business to New York, why do you deliver your coal via Port Reading, and your merchandise via Jersey City? A. To begin with, to deliver at Jersey City it would be necessary to give the coal to the Central Railroad of New Jersey at Bound Brook Junction. To handle the volumes of business over the Central Railroad of New Jersey between Bound Brook Junction and Jersey City that we now handle to Port Reading, in addition to the business that travels over the Central Railroad of New Jersey, would, in my opinion, require large additions to the existing track facilities of the Central Railroad of New Jersey between Bound Brook Junction and Jersey City, and would certainly require very greatly enlarged coal pier facilities on the Central Railroad of New Jersey at Communipaw, while at Port Reading there was a great deal of undeveloped territory, and it was a very desirable place for establishing a coal pier or coal piers.

Q. Take some of the other railroads in that vicinity, do any of them in charge of their own system make any such division of their business as that? A. The Pennsylvania Railroad, which has, as you know, excellent terminal facilities for freight at Jersey City, maintain and are further developing coal piers at South Amboy, New Jersey, and the Lehigh Valley Railroad, which also has very excellent freight facilities at Jersey City, maintain and are further developing coal piers at Perth Amboy, New Jersey. Both

Perth Amboy and South Amboy are further from New York than is Port Reading.

Q. Do you know whether the P. & R. and the C. R. R., either of them, serve the Temple Iron Company's collieries? A. I know that the P. & R. does not.

Q. Are you familiar with the general character of the country served by the Philadelphia and Reading Railway system? A. I am.

Q. How do the various lines of the Philadelphia and Reading Railway get into the coal regions? A. The main line of the Philadelphia and Reading Railway runs from Philadelphia to Port Clinton, which is about seventy-eight miles, at Port Clinton the Little Schuylkill Railroad diverts to the right and follows the Little Schuylkill River to Tamaqua, and thence north via Buck Mountain into the Mahanoy Valley, and continues through the Mahanoy Valley through Mahanoy City and Shenandoah and Ashland to Shamokin. That, however, is not the route that the bulk of the coal takes. Instead of diverting at Port Clinton, the main line continues on to Pottsville. Pottsville is ninety-three miles from Philadelphia. At Schuylkill Haven, which is six miles south of Pottsville, the line diverges to the left. It runs into what is known as the west end of the Schuylkill coal region, and by very many branches the collieries in that vicinity are served. North from Pottsville there are a number of collieries in the immediate vicinity, and, also, east of Pottsville, running over to near Tamaqua. There is also a line extending from Pottsville north through St. Clair where we have large engine and car repair shops, and the large classification, by going up the southern slope of Broad Mountain at a gradient of 185 feet to the mile, to the head of Mahanoy Plane. The empty cars are lowered by Mahanoy Plane into the Mahanoy Valley, and the loaded cars are hoisted out of Mahanoy Valley by the same plane. The plane is a double-tracked incline plane, about 1400 feet in length, with a vertical lift of 363 feet. Practically all of the coal that is handled by the Reading Railway from north of Broad Mountain, or in the Mahanoy and Shamokin districts is handled over Mahanoy Plane.

Q. Does your main line running in a generally northerly direction from Port Clinton run up the Schuylkill River? A. Runs up the Schuylkill River.

Q. And the Schuylkill and Susquehanna branch, which diverges at Auburn running to the west, where does that get into the coal region? A. The Schuylkill and Susquehanna does not properly get into the coal region, but at Pine Grove it is crossed by a line leading from the Lebanon Valley branch of the Philadelphia and Reading Railway north to Pine Grove and extending on into the west end coal region. The Schuylkill and Susquehanna runs from Auburn to Rockville.

Q. That runs up the Swatara Creek, does it not? A. Yes, sir.

Q. Take the line that diverges at Port Clinton and runs over to Tamaqua, does that run up the stream as well? A. That follows the Little Schuylkill.

Q. When you get over on the Mahanoy Plane, is the same situation true, that in general the railroad follows the streams? A. From Buck Mountain, which is about ten miles north of Tamaqua the main line of the Reading Railway follows the Mahanoy Valley, which is the valley of the Mahanoy Creek to Gordon, about fifteen miles, and at Gordon it diverges from the valley of the Mahanoy Creek and ascends the southern slope of the Locust Mountain, on grades running as high as 135 feet, to Locust Summit and then follows the northern slope of the Locust Mountain to Shamokin by descending grades of about seventy-five feet to the mile.

Q. Is the Schuylkill region chiefly drained to the west toward the Susquehanna River and to the south toward the Schuylkill River, with the tributaries of each? A. Yes, sir.

Q. Going to the easterly end of the region served by the Philadelphia and Reading line, do you have an ascending or a descending grade in going in that direction? A. An ascending grade all the way from Port Clinton to Buck Mountain.

Q. What is the altitude along the line from Tamaqua to Haucks and Lofty generally above sea level? A. I think Tamaqua is about nine hundred feet above sea level, and Haucks is about twelve hundred feet.

Q. Is that in the nature of the summit along there of the water shed between the Lehigh River and Susquehanna and the Schuylkill River? A. What we know as Buck Mountain is really the dividing line there, and is about fourteen hundred feet above tide.

Q. Coming up the Lehigh River we have the railroads of the Lehigh Valley and the Central Railroad of New Jersey, have we not? A. Yes, sir.

Q. And again from the Lehigh I note on the map that similar creeks run down off that water shed into the Lehigh, such as Sandy Run Creek and Quakake and Nesquehoning, and so on? A. Yes, sir.

Q. What is the direction of the grade going from the Lehigh River to Tamaqua? Are you going up or down grade? A. You are going up grade, but there is a summit east of Tamaqua, about I think ten or eleven miles—it is called Summit Hill, on the Panther Creek Railroad—and the water of the western slope comes into the Schuylkill, and from the eastern slope into the Lehigh.

Q. So that along at Summit Hill, in the Lehigh Coal and Navigation or Panther Creek region, is the ridge of the water shed where the two divide? A. Yes, sir.

Q. And the waters from the west flow into the Schuylkill and the Susquehanna, and the water from the east into the Lehigh? A. Yes, sir.

Q. As an operating question, is there any difficulty in a railroad like the Central Railroad of New Jersey coming up over say its Nesquehoning branch following up the Nesquehoning Creek to the divide in the water shed, and then going down into the Schuylkill and Mahanoy regions and getting coal and carrying it up over the summit down into the next valley and bringing it around to Philadelphia? A. That would, of course, involve a tremendous expense and, at many of the collieries and many of the branches

in the Schuylkill region, the valleys are so narrow, and they are taken up with coal banks, breakers and so forth that in many cases it would be physically impossible to build another railroad into those branches and streams.

Q. Supposing you had the railroad built and started to operate it, would you have any operating disadvantages as compared with the Philadelphia and Reading Railway? A. Very decided ones.

Q. Would it be a natural or normal thing for any railroad man to operate and route coal in any such way? A. It would not.

Q. The Lehigh Valley Railroad, how does it get into the Schuylkill region? A. By following the line from Penn Haven Junction up to the west and crossing the Broad Mountain at Delano, which is, I think, about 1800 feet above tide, following along the Broad Mountain from there to Mahanoy City, Shenandoah, and on via Centralia to Mt. Carmel.

Q. They come up the bed of Quakake Creek, do they not? A. Yes, sir.

Q. And they have pre-empted that route? A. They have.

Q. They have a southern route in which they follow up Lizard Creek, have they not? A. They have what we call the Lizard Creek Branch, which runs from Lizard Creek Junction over into the Schuylkill region, crossing our line at Schuylkill Haven, and running west to Blackwood colliery, which is seven or eight miles west of Schuylkill Haven.

Q. Just north of where the Lehigh Valley line runs up there by Lizard Creek, what physical characteristic is there just north of their line in the vicinity of Pottsville? A. There is a very narrow valley there through which the Schuylkill River flows, and on one side of which is located the Philadelphia and Reading Railway, and on the other the Schuylkill division of the Pennsylvania Railroad Company.

Q. That valley is a pass through Sharp Mountain, is it not? A. Yes, sir.

Q. And Sharp Mountain runs along the entire Southern

side of the lower southern region, does it not? A. Sharp Mountain is really the southern limit of the coal field.

Q. At different points in Sharp Mountain there are, however, other passes and creeks, like the Swatara Creek? A. Yes, sir.

Q. Are those creeks pre-empted by railroads? A. They are.

Q. Would it be a commercial feasible railroad scheme to try to put an additional railroad into those passes formed by those streams where those existing railroads already are? A. I should say not.

Q. Could it be accomplished at anything like the expenditure of money which the present railway systems have invested? A. It would cost many times more, I should say, to duplicate the existing roads in the territory.

Q. You formerly worked for the Pennsylvania Railroad Company, did you not? A. I did for ten years and a half.

Q. At about what period was that? A. From 1881 until 1891.

Q. During that period did the Pennsylvania Railroad build into this region? A. They built the road into Pottsville and Shenandoah and on up over the Broad Mountain to connect with the Lehigh Valley Railroad at New Boston Junction in the years 1885, 1886 and 1887.

Q. Was that a very expensive piece of railroad construction? A. Very.

Q. Have you any idea what it cost? A. My connection with that extension was on the eight miles from St. Clair north to New Boston Junction, and the only figures I have in my mind now are ones which made an impression on me at that time, and that was two miles of that line from two miles north of St. Clair to two miles north of that point, which cost about $148,000 to grade alone.

Q. Simply to furnish the grade? A. Simply to prepare the graded surface for the tracks.

Q. Without a railroad on it? A. With no railroad on it.

Q. Were you an engineer on that? A. I was in charge of it latterly. I was rodman on it in the first place and before I left there I was in charge of it.

Q. Is your operating organization in any way a part of the department of operating organization of the Central Railroad of New Jersey? A. Not in any way.

Q. You do, however, operate the Wilmington and Northern Railroad, do you not? A. We do; yes, sir.

Q. As matter of fact, does the Central Railroad of New Jersey serve the Schuylkill region? A. It does not.

Q. Would it be necessary for them to either build a railroad of their own into that region or use the lines of some other railroad? A. That is the only way they could get in there.

Q. Are the roads parallel or competing in any sense that you know of as an operating man? A. As a matter of fact, they are not parallel and I know of no way that they could be considered competing lines.

Q. Do they have a great deal of through and joint business which you have to handle on the Reading's end? A. They have a very great deal of that.

Q. Are there a great number of cars and trains interchanged between the two systems? A. Yes, sir.

Q. Going from points on one system to points on the other? A. A very great many.

Q. Is it a great operating business to handle that interchanging business between the two lines? A. It is.

Q. In the matter of distribution of cars or in any other way that you can think of from the operating standpoint, do you treat the Philadelphia and Reading Coal and Iron Company any differently than you treat any other shipper? A. I have been intimately connected with that part of the business from 1897 until the present time, and I have never known of any distinction being made in the furnishing of cars to the Philadelphia and Reading Coal and Iron Company from that of furnishing cars to the other operations; and, in fact, in that time, I have never had a single complaint from any shipper that we were favoring one over another.

Q. Do you issue passes on your railroad? A. We do.

Q. Are you the officer who issues passes? A. Many of them are issued through my office.

Q. Do you ever issue any passes to the Philadelphia and Reading Coal and Iron Company employees? A. We do not.

Q. Take it in the matter of the occupation of right of way or the Railway Company's occupation of the lands of the Coal and Iron Company, do you deal any differently with them than you do with any other land owner? A. Not in any way.

Q. Do you insist upon contracts, and do they insist upon contracts with you for the encroachments of either on the lands of the other? A. Absolutely.

Q. What other dealings have you in the operating department of the Philadelphia and Reading Coal and Iron Company except the matter of car distribution and right of way matters? Any? A. We buy a great deal of fuel coal from the Philadelphia and Reading Coal and Iron Company.

Q. In buying that coal do you buy any differently than you would from the Lehigh Valley Coal Company, and pay for your coal? A. We pay the circular price.

Q. Do you pay real money for it? A. We do.

(Adjourned until Tuesday, March 31st, 1914, at 11 o'clock, A. M.)

PHILADELPHIA, Tuesday, March 31st, 1914.
at 11 o'clock A. M.

Present.—The Examiner. Messrs. Coudert, Kingsbury and Gordon, Special Assistants to the United States Attorney General, for the Government.

Messrs. Heebner, Reynolds, Turner and Drinker, representing the defendants.

Examination of AGNEW THOMPSON DICE, resumed:—

By MR. REYNOLDS:

Q. What distance does the Central Railroad of New Jersey haul coal in moving it from the Nesquehoning col-

liery to its tide terminals at Elizabethport or New York Harbor? A. One hundred and fourteen miles.

Q. What is the general character of the grade, and, in which direction? A. The general character of the grade is descending from Nesquehoning colliery to tidewater in favor of the loaded movement.

Q. What would be the mileage from the Nesquehoning colliery via the P. & R. system to tidewater at Port Reading? A. One hundred and seventy-two and a half miles.

Q. How would that movement be routed, over what lines of railroad? A. That would go from Nesquehoning colliery to Hauto, thence to Tamaqua, over what is now the L. & N. E. Railroad and thence to Port Reading via the P. & R.

Q. What would that involve in the way of interchange and make-up and break-up of the trains? A. It would involve the breaking up and classifying of these trains at Tamaqua and again at Bridgeport or Abrams, which is twenty miles north of Philadelphia, and, of course, the carrying over three different lines.

Q. Take some colliery in your Reading territory and make a similar comparison of routing to Philadelphia by the two lines. A. As an instance, Kehley Run colliery, which is located on the Philadelphia and Reading Railway at Shenandoah, and is operated by Madeira, Hill & Co., the coal is shipped from that colliery direct to Philadelphia via the Philadelphia and Reading Railway, going from Shenandoah to Mahanoy Plane, thence over Mahanoy Plane to the St. Clair yards where the coal is weighed and made up into trains and hauled to Philadelphia, a total distance of one hundred and eleven and four-tenths miles from the colliery to Philadelphia. From the same colliery to move the coal to Philadelphia by existing routes I figure out a movement from Shenandoah to Mahanoy Plane, thence via the Buck Mountain tunnel to Haucks on the Central Railroad of New Jersey, thence by the Central Railroad of New Jersey to Phillipsburg, and there delivered to the Pennsylvania Railroad for move-

ment to Philadelphia, which is, I think, as short a line as is possible to get from Shenandoah to Philadelphia, except via our line. That distance is a hundred and sixty-six miles.

Q. That involves, I understood you to say, the three carriers? A. Three carriers.

Q. The Jersey Central, the Pennsylvania and also your line? A. Yes, sir.

Q. You would have to deliver it first to the Jersey Central in order to get it started? A. Yes, sir.

Q. What is the state of railroad development in general terms in the coal regions served by the Philadelphia and Reading Railway? A. In my opinion, there are more miles of main tracks, branches and sidings in that particular part of the anthracite coal region, and, I believe, in all of the anthracite coal region, than in any other territory that I know of in the United States outside of the large cities, such as Chicago, for example. In fact, the development is such that the existing railroads are able to handle all of the coal that the market will take by operating from sixty to seventy per cent. of the time.

Q. Does the result of that operation on that basis, sixty or seventy per cent., involve a very irregular use of equipment? A. A very irregular use. It requires the Reading Railway, and of course the other railways in the anthracite coal region to maintain to the same extent, to have equipment so that at the times that the market is active and will take the coals, that the railways are able to market them. At other times in the year when the demand is light, our problem is to find tracks upon which to store the carriage for which we have no use. I had some figures of that taken off our records the other day. From January 1st, 1908, to August 31st, 1909, there was a constant surplus of coal cars on the line of the Philadelphia and Reading Railway running from 565 cars in August, 1909, to 12,782 cars in March, 1908. September 1st, 1909, to December 31st, 1910, the highest shortage was 745 cars in March, 1910, while the greatest surplus during the same period was in July, 1910, 3952 cars. In the year

1911 there was a surplus every day reaching 6988 cars in the month of March. During the year 1912, the highest surplus was in April 12,746 cars, while in October the car shortage was 911 cars. In 1913, during April we had a surplus of 4456 cars, while in November there was a shortage of 572 cars. In January and February of this year the highest surplus was in February, 6715 cars, while there was a shortage in the same month of 420 cars. Our total equipment is, coal cars 25,349, total capacity in tons of 2240 pounds each, 837,031.25 tons, an average capacity per car of 32.2 tons. While there are in a few of these instances small shortages shown, as matter of fact, the call for cars for loading at the collieries is made at seven o'clock in the morning, and while there may be a shortage reported of the four or five hundred cars by the time the cars that are then available are loaded, that shortage is usually made up. So that we are rarely short of coal cars on the Reading Railroad because of this large provision that we have made for coal cars.

Q. You spoke the other day of some costs of construction of road into this region of the Schuylkill Valley branch of the Pennsylvania Railroad while you were the engineer in charge of construction. Have you within recent years discussed any changes of your line in the regions which involved the making of very definite estimates of the cost of construction? A. We have.

Q. What line was that? A. In my testimony the other day I briefly described Mahanoy Plane, over which practically all of the anthracite coal that is mined on the Reading Railway north of the Broad Mountain is hoisted. We have always felt that the Plane was not an economical way of handling coal if another route could be found leading out of the coal regions and connecting with our existing lines, with heavy reasonable grades, and the distance would not be too great. In 1906 Mr. Joseph S. Harris, who was an ex-president of this company, and who was still in the employ of the company, together with Mr. Hunter, our Chief Engineer, were commissioned to make extensive surveys of the coal region, with a view of completing an alter-

nate line and avoiding the plane. We were at that time confronted with the renewing of the plane and spending a great deal of money on the plane and large new yards at St. Clair for connecting this alternate line. After very extensive and careful examination and surveys a line was projected leading from Herndon Branch Junction, which is just at the northern edge of Shamokin city, crossing the Locust Mountain, diverging to the right and then crossing the Broad Mountain and coming out at what is known as Westwood, which is half-way between Schuylkill Haven and Minersville, both of which points are shown on the map. The line that seemed feasible was 31.8 miles in length. An estimate for which, for double track, at that time, when it was made, was something over seven million and a half dollars. If it was estimated on the figures of to-day, with the cost of labor and materials, that same line would cost a little over nine millions of dollars. While I testified the other day as to the cost of two miles of line north of St. Clair, I omitted to say that that was built twenty-nine years ago, when prices were very much lower than they are to-day. I have no doubt that line would cost fifty per cent. more if built to-day than it actually cost when it was built.

Q. To what extent do you operate despatch lines over the Jersey Central and the Reading? A. We have the Central States Despatch, which is a fast freight line, originating on the Baltimore and Ohio Railroad, throughout the west, in fact, all the way from Martinsburg, which is the connection of the Cumberland Valley with the Baltimore and Ohio Railroad, west to St. Louis and Chicago, and, of course, all the intervening cities. That freight is delivered to the Cumberland Valley at Harrisburg and at Martinsburg moved by them to us at Shippensburg. We move it over to Allentown and there deliver it to the Central Railroad Company of New Jersey, who move it to Jersey City. There is a regularly established schedule and one or more heavy tonnage fast freight trains are moved on that line every day in both directions.

Q. Is that an expedited service? A. Yes, sir; that is a quick despatch service.

Q. Does any of that traffic go to New England? A. A considerable amount of that traffic diverts at Phillipsburg and is given to the L. & H. Railway, and by them taken to Newberry Junction, where it is given to the New York, New Haven and Hartford for distribution throughout New England. We also have another line, the Blue Ridge Despatch Line, which is a similar fast freight line, except that the Blue Ridge Despatch Line is operated in the west and the southwest by the Chesapeake and Ohio and Norfolk and Western Railway. That line touches much of the same region that the Central States Despatch Line touches on the B. & O., and, of course, some territories that the B. & O. does not reach. That freight is moved via the Chesapeake and Ohio to Basic Junction and there given to the Norfolk and Western, and by them moved to Hagerstown to the Western Maryland Railroad, who in turn move it to Shippensburg and give it to the P. & R., and we move it to Allentown and give it to the Central Railroad of New Jersey. Some of that freight is also diverted at Phillipsburg and handled to New England, the remainder going to Jersey City. That is also a quick despatch or fast freight. There are heavy volumes of that traffic moving in both directions every day. We have a schedule movement in both directions.

Q. Have you any of that despatch business of the same character with your New York Central connections? A. There is a despatch freight line running out of Jersey City going over the Central Railroad of New Jersey given to us at Haucks and moved by the P. & R. from Haucks to Newberry Junction, and there delivered to the New York Central, and that is fast freight for movement through the middle west and as far west as Chicago.

Q. And, of course, it moves in the opposite direction also? A. There is a movement in the opposite direction every day

Q. That is known as the Lake Shore and Jersey Central Despatch Line, is it not? A. Yes, sir.

Q. All three of these despatch line routes are across what we may call the upper portion of the Reading system, and do not route via Philadelphia, as I understand your description? A. That is right.

Q. How much of a factor as an operating matter do you find the competition of the canals? A. Nothing. Almost nothing.

Q. Why not? A. To begin with, the canals are located along and follow the water levels, reaching the various towns and communities at the water levels, making it difficult and expensive to distribute any materials that are handled by the canal movement users or producers. In the first place, a person establishing a coal yard along a canal, must take into consideration that the canal will, by reason of weather conditions, only operate from seven to eight months in the year at the most, so that he must first provide room enough in his coal yard to store sufficient coal to last him during the time that navigation is closed, and, he must also be sure that he has sufficient capital or credit not only to pay for the additional property necessary upon which to store the coal, but, also, to carry the additional coal in stock during the closed period. In ordering coal by canal boats he must take a cargo at a time, which is about 175 tons. Now, in unloading the coal from a canal boat it must be done, and is usually done by machinery, and that hoisting machinery is, of course, expensive, not only in its installation and operation, but also, in the fact that in the unloading of the coal much of the coal, particularly domestic sizes, is broken, and there is a great deal of waste. The difference with the yard on the railroad is that the man on the railroad usually has a trestle upon which he has a car of coal pushed up and placed on the trestle, and he goes along and opens the bottom of the car and the coal rolls down into the bin with the minimum of breakage and the minimum of labor.

Q. The law of gravitation does the work? A. Yes, sir. Those are the reasons he selects the railroad instead of the canal.

Cross examination.

By Mr. Kingsbury:

Q. It is physically possible, is it not, for coal coming from the collieries served by the Panther Creek Railroad, now a part of the Lehigh and New England, to go to tidewater at New York either via the Reading or via the Central Railroad of New Jersey? A. It is physically possible. If it were all moved in that direction, it would require some readjustment of our yards at a place like Tamaqua, for example, and also probably at Bridgeport.

Q. But, so far as the mere question of actual physical connection of railroads is concerned, it can be done? A. Yes, sir.

Q. The difficulties are difficulties of routing and breaking the trains, such as you testified to? A. And some difficulty of construction in providing more yard facilities.

Q. That is not a matter of transportation? A. I should say it was. The matter of yards in connection with transportation is a very important one.

Q. The yards are principally for storage of cars when not in use? A. No.

Q. What is their purpose in that connection? A. The purpose of yards is to have a place where you can pull trains in, break them up, re-classify the cars so that you can shift the cars, put them in trains in proper position for their ultimate destination. We have never built a foot of yard track on which to store cars.

Q. Then they are for shifting cars? A. Shifting and classifying, yes, sir.

Q. What were the respective distances from Nesquehoning to tide to which you testified? A. From Nesquehoning to tide is 114 miles via the Central Railroad of New Jersey, that is from Nesquehoning colliery to tide on the Central Railroad of New Jersey, and from Nesquehoning to Port Reading on the P. and R. Railway is 172.5 miles.

Q. Do you know what the rates are by those two routes? A. I do not know.

Q. You do not know at all? A. No, sir; I am not informed as to the rates at all.

Q. You do not know whether they are the same or whether there is a difference? A. I really do not know.

Q. You testified at the last session that in your opinion the Central Railroad of New Jersey and the Philadelphia and Reading were not parallel or competing I believe? A. I did.

Q. How do you define "parallel and competing" as applied to railroads? A. The question of being parallel is a matter of fact; it is a matter that is obvious to any one; you can easily see, at least I can, that the Philadelphia and Reading and the Central Railroad are not parallel.

Q. For two railroads to be parallel, of course you do not mean that they would have to be absolutely and geometrically parallel through their entire length? A. Not at all. But I should say that they ought to start from the same point and reach the same point to be in a general way parallel.

Q. Must they start from absolutely the same spot, or would it be sufficient if they started from points near each other, in the same region, to make them parallel in that sense of the word? A. Yes, sir. They should not necessarily start from the same point, but, I think you would have to have some limit to be near each other according to what the definition of "near" might be.

Q. What would be your definition of "near" for that purpose? A. I should say the same city, the same town, the same locality.

Q. By "the same locality," that seems a somewhat wider phrase than the same city or town. What do you mean by the same locality? A. I should mean by locality a different term for a town, where no town existed, where there were a few manufacturers.

Q. What would you put as the extreme distance apart in miles that they might be in order to start from, as you say, the same general point? A. I think I would rather have a particular case before I would want to say that. I do not know that I ought to say any particular distance in miles. I think the other definition expresses my idea of it perhaps as well as I could express it.

Q. Must railroads be parallel in order to be competing as you define the words, or might they be competing without being strictly parallel, in your view? A. As applied to the two roads, I said that as matter of fact the two lines were not parallel, and in my opinion were not competing. That was based, if you please, on observation. I was connected with the Reading Railroad, in the position of Superintendent on the Atlantic City Railroad, where we connected with the Central Railroad of New Jersey, from 1894 to 1897, and with the Shamokin Division of the Philadelphia and Reading Railroad, which includes the upper part of the Schuylkill region, from 1897 to 1903. That covers three years on the Atlantic City Railroad and four years on the Shamokin division as superintendent, I believe before there was any question of securing control of the Central Railroad of New Jersey. Now, as matter of fact, I never knew any one in that way to consider that the lines were in any way competing.

Q. What I am trying to get at now is just what you mean by the word "competing," so I ask you as a railroad man whether in your opinion two roads must be parallel in order to make them competitive, or whether they might be competing railroads from the transportation standpoint even if they were not within your definition parallel? A. I think I answered that. They need not necessarily be parallel or start from exactly the same spot.

Q. Need they run over parallel routes through their entire distance in order to be competing? A. I should think to be competing properly they would have to compete for the same business from one point to another point.

Q. At every point along the line? A. Not necessarily.

Q. Are there any railroads which serve the Schuylkill region which you consider competing with the Reading? A. The Pennsylvania Railroad is a sharp competitor with ourselves between Philadelphia and Pottsville and in parts of the Schuylkill region.

Q. For the transportation of anthracite coal? A. And other commodities and passengers.

Q. Does it serve any considerable number of the same collieries that you do? A. One.

Q. Is that the only colliery for which it competes with you—the coal of that one colliery? A. There is one other colliery that we serve with our engines, and from which we deliver a part of the product to the Pennsylvania for transportation to market.

Q. That is the limit of the competition between you and the Pennsylvania in your view? A. They give us from two other collieries part of the product from those collieries for shipment over our lines.

Q. Who give you? A. The Pennsylvania Railroad.

Q. What do you mean by they give it to you? A. They deliver it to us in the sense that I used the word give.

Q. There are some collieries which the Pennsylvania Railroad serves and which you do not directly tap, and for part of that coal you compete with the Pennsylvania? A. We get part of that coal from the Pennsylvania, and we give them part of the coal from two other collieries.

Q. How does this competition between your road and the Pennsylvania express itself? A. It expresses itself perhaps best in the Shamokin region, for example, where they reach a number of collieries which we do not reach. We reach a number of collieries which they do not reach. The products of those collieries go to the same market to a very large extent. They go on the one hand via the Philadelphia and Reading Railway, and on the other via the P. R. R., the Philadelphia and Reading on the one side and the P. R. R. on the other, and that business, of course, is sharply competitive.

Q. How do you compete for that? By changing your rates? A. I know nothing about that. The business is competitive, generally considered so.

Q. What do you do to try to get it? A. I do not do anything.

Q. All you have to do is moving it after you have got it? A. That is my job, yes.

Q. You know as to that the two roads are each trying to get the same business? A. I have heard the sales agents

talking a good deal about trying to beat the other fellow in selling it.

Q. Could either of those roads get that same coal and haul it? A. The Pennsylvania Railroad does not have tracks into the collieries that are served by the Reading, nor do the Reading have tracks into the collieries served by the Pennsylvania Railroad.

Q. Do you know whether this competition is merely a competition for the transportation of the coal, or is also a competition for the sale of the coal in the markets? A. The competition that I spoke of was principally for the sale of the coal.

Q. And there is also some competition for the transportation, is there not? A. I should consider the whole situation a competitive one.

Q. Do you know whether the Reading Railway buys supply coal from any coal company other than the Philadelphia and Reading Coal and Iron Company? A. I do not know that we do.

Q. You do buy large amounts of supply coal from the Philadelphia and Reading Coal and Iron Company, do you not? A. We do; yes. That is, anthracite coal. Bituminous coal we buy from a great number of shippers.

Q. When I speak of "coal" I mean anthracite coal unless I specify to the contrary. You do not know of any other source of supply of anthracite coal from which the Reading Railroad buys than the affiliated coal company? A. I do not.

Q. As I understood you to testify this morning, you consider that the coal region is rather overbuilt with railroads, do you not? A. That is my judgment, yes.

Q. There is not enough business to supply them all? A. As a matter of fact, there is not, neither in coal, other commodities nor passengers.

Q. The anthracite coal business both in transportation and in sale is distinctly a seasonable business, is it not, that comes at certain times of the year in much greater quantities than at others? A. Yes, sir.

Q. And you have to be in a position to handle it at the

busy seasons irrespective of what you do in the quiet seasons? A. That is right.

By MR. COUDERT:

Q. You have spoken of the canals. Kindly describe the canal routes by which coal may go from the anthracite fields to Philadelphia? You are familiar with them? A. I am not very familiar with any but the Schuylkill canal.

Q. Describe the route of coal by the Schuylkill canal. A. The Schuylkill canal many years ago was built from Philadelphia to Port Carbon, which is about two miles east of Pottsville. There was some coal hauled by wagons at that time to the canal for shipment.

Q. From Pottsville to the canal for shipment? A. From the mines in the vicinity of the head of the canal. The canal did not when it was built nor has it at any time reached any coal mine.

Q. How near is it to the nearest coal mine? What is the distance from the canal to the nearest coal mine? A. At that time it was about five miles. There has been within the past eight or ten years a small colliery opened up within I should say a mile of the north terminus of the canal, but that colliery was not opened at that time.

Q. So that to-day the canal runs to within a mile of a colliery? A. No. I should have said about thirty years ago the canal was abandoned from Port Carbon to Schuylkill Haven, a distance of eight or nine miles, and about twenty-six or twenty-seven years ago it was abandoned to Port Clinton, a further distance of about twelve miles. So that the north terminus of the Schuylkill canal to-day is at Port Clinton, ten to twenty miles from its original northern terminus.

Q. But the original northern terminus to-day is only a mile from a coal colliery? A. From a small colliery.

Q. And some thirty years you say they have been abandoned? A. Yes, sir.

Q. The colliery or the canal? A. The canal. When the canal was built it was about five miles from the nearest colliery. About thirty years ago, the northern end of the canal was abandoned. Two or three years ago the colliery

was opened within about a mile of the original head of the canal.

Q. So that if the canal were worked to-day it runs within a mile of the colliery? A. That is one small colliery.

Q. The reason that it does not transport to-day from the collieries is that the Reading system does not work it, is it not? A. My opinion is that the canal was abandoned from purely economic reasons, as canals have been elsewhere.

Q. The reason to-day is, it is simply not worked by the Reading system? It could be worked. Leaving out the economic question, it could be worked physically, coal could come from the collieries on to the canal and to Philadelphia? A. It would be physically possible. It is not probable.

Q. You think it would be more expensive than the railroad because of the difficulty of taking the coal from the canal boats? A. The difficulty of putting the coal on the canal boat and taking it off the canal boat, and the indisposition of anybody to handle coal by canal.

Q. It is, as a matter of fact, your knowledge, is it not, that all over the United States there is a great movement for canal transportation, and the Government of the United States and various States are spending millions of dollars for that purpose? A. I do not know of any one who is well informed on transportation matters who is agitating canal transportation.

By Mr. Kingsbury:

Q. Take the Reading system as a whole, with what other railroads or railroad systems do you consider yourself in competition? You have testified that you consider that the Pennsylvania Railroad is a competitor for a certain amount of anthracite coal traffic. Are there any other railroads anywhere with which you are competitive for any kind of traffic? A. I cannot say that there are.

Q. You have a complete monopoly? A. We have not a complete monopoly at all, because we are sharply competitive with the Pennsylvania Railroad.

Q. That is the only railroad with which you compete in

any way for any kind of traffic? A. I should say in any practical way.

Q. No competition with the Lehigh Valley? A. We touch almost no territory that the Lehigh Valley touches. In fact, we supplement the Lehigh Valley Railroad by furnishing them a Philadelphia terminus.

Q. No competition with the Lackawanna? A. No.

Q. None with the Erie? A. No.

Q. You interchange freight with the Lehigh Valley, do you not? A. Yes, sir.

Q. Where and by what roads? A. Our principal interchange with the Lehigh Valley is at South Bethlehem and at East Penn Junction, which is at Allentown, five miles from Bethlehem—at those two points we interchange considerable freight with the Lehigh Valley.

Q. What is the general movement of that freight which is interchanged? A. A great deal of that freight is grain that is coming via the lakes to Buffalo and then via the Lehigh Valley to Allentown, and then via the Reading to Philadelphia, and is exported from Philadelphia. Of course, there is a considerable amount of ordinary merchandise freight coming from localities and towns that are served by the Philadelphia and Reading Railway, and some towns and localities that are served by the Lehigh Valley Railroad, and a reverse movement of a similar character.

Q. What is the principal freight you deliver to the Lehigh Valley? A. The principal freight I should say was merchandise from Philadelphia.

By Mr. Coudert:

Q. As a matter of fact, the rates by canal transportation are lower than the railroad transportation? A. I understand that they are; yes, sir.

Q. So that really the great difficulty with the canal is the difficulty of dumping the coal from the boat on shore into the receptacle into which it is to go? A. That is a part of the difficulty.

Q. That is the main difficulty, is it not? A. I should not say that it was.

Q. Why is it not? A. For the reason that the coal yards along the canal, as I explained a little while ago, are located along water level, are distant from the points of distribution in the towns and localities they serve. The canal navigation is closed for four or five months during the year.

Q. As to these coal yards, that is not a very serious matter, is it, if the canal runs within a mile or nearer to the points of distribution? What is the difficulty of locating coal yards? A. The principal difficulty is that people will not locate them there.

Q. Why not? A. They try to get on the railroad. They do not want to be on the canal.

Q. Of course, because at the present time they prefer the railroad transportation? A. They can get coal by the canal.

Q. If they preferred canal transportation? In other words, if it were cheaper, you would have all the coal yards you wanted? A. No; it is there, and it is cheaper, but they do not want it. They want their yards on the railroad.

Q. Why? A. For the reasons I have explained, that they can get coal any time of the year, they can get it in any size cargo they want, they do not have to make investment for property and build a large yard and do not need capital to carry a winter supply of coal when they can get it by rail.

Q. So that would apply to canal transportation generally, and your opinion is that canal transportation is of practically no value? A. That is my opinion.

Q. The fact that all the rest of the United States is against you in that proposition would not influence you at all, would it? A. So far as I know, the rest of the United States is with me. Canal transportation has been abandoned everywhere I know of. I do not know of any canal that has ever been operated successfully. They have all been abandoned that I know of.

Q. You are not aware of the fact that New York State is expending two hundred millions of dollars to open a canal? A. I am not aware of that. And, the fact that

they are spending it would not convince me that it was a wise movement from a financial standpoint.

Q. And that the Government of the United States is spending immense sums of money? A. That would not convince me. I would rather see it tried and see what the result is.

Q. Nothing would convince you that canal navigation was valuable, and you are pleased that the railroads have dismantled the canals and put them out of business? A. I am judging from past experience in canals.

Q. That is to say, an experience that dates back—this canal was discontinued thirty years ago? A. Not only the Schuylkill canal, but that has been the experience all over the country.

Q. Confine yourself to the Schuylkill canal. That was designedly abandoned by the railroad thirty years ago. A. I do not know that it was.

Q. That it was abandoned? A. Yes, sir; the upper end.

Q. It was abandoned by design? A. The upper end was abandoned.

Q. For thirty years? A. Yes, sir.

Q. Between the coal fields —— A. Yes, sir. It is still in operation between Port Clinton and Philadelphia.

Q. The rest of it is abandoned? A. The northern terminus.

WILLIAM C. HOPE, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your connection with the defendant railroads? A. I am general passenger agent of the Central Railroad of New Jersey.

Q. How long have you been in the employ of the Central Railroad of New Jersey? A. Since 1879.

Q. Always in the passenger department? A. Yes, sir.

Q. At my request have you prepared certain statements showing the growth of the interchange of passenger business between the Central Railroad of New Jersey and the Philadelphia and Reading Railway since the date of the

acquisition of the majority interest of the Jersey Central stock by the Reading in 1901? A. Yes, sir.

Q. Taking up the business from points on the Central Railroad east of Bound Brook to points on the Philadelphia and Reading west of Bound Brook and connecting line points, and movement in the reverse direction, what has been the growth of that business between 1901 and 1913? A. In 1901 the revenue accruing to the Central Railroad of New Jersey on that business was $341,872.19, and in 1913, $645,037.33, an increase of $303,165.00.

Q. Will you please put into the record at this point your tabulation year by year for that increase?

The witness produced the following statement:—

"Central R. R. of New Jersey Earnings from Joint Service with Philadelphia and Reading Railway, via Bound Brook, Including Passengers Traveling on Mileage Tickets.

1901	$341,872.19
1902	382,852.28
1903	441,595.09
1904	460,701.23
1905	500,026.78
1906	590,975.64
1907	619,454.01
1908	550,704.41
1909	603,604.22
1910	604,401.51
1911	610,675.95
1912	610,506.34
1913	645,037.33

"Increase for 1913 over 1901, $303,165.14—88%"

Q. With what railroad system does that joint rate of the Reading and the Jersey Central compete? A. The Pennsylvania Railroad.

Q. Can you say from your knowledge of the business whether the Philadelphia and Reading Railway's share of earnings would be as much or more than that of the

Jersey Central on that business? A. Not less than twice as large. They have two-thirds of the mileage between New York and Philadelphia.

Q. Coming to the business via Bethlehem, your through service with the Philadelphia and Reading between Scranton and Philadelphia, what was that business in 1901 as far as the earnings of the Jersey Central were concerned? A. In 1901 it was $17,614.48, and in 1913, $76,693.05.

Q. With what railroad or railroads does that joint line between Philadelphia and Scranton compete? A. It competes with the Pennsylvania and the Lackawanna via Manunka Chunk.

Q. That is a joint rate formed by those two companies? A. They operate through service that way.

Q. Please file with the Examiner a copy of your tabulation of the growth of that business year by year for the same period.

The witness produced the following statement:—

"Central R. R. of New Jersey Earnings from Joint Service with Philadelphia and Reading Railway, via Bethlehem—Through Service between Scranton and Philadelphia, Excluding Passengers Traveling on Mileage Tickets.

1901	$17,614.48
1902	36,170.62
1903	46,944.10
1904	47,707.03
1905	58,377.31
1906	67,299.12
1907	66,476.75
1908	77,889.90
1909	71,801.42
1910	72,310.11
1911	75,531.90
1912	77,789.55
1913	76,693.05

"Increase for 1913 over 1901, $59,078.57—335%."

Q. In what year was that through business established between Scranton and Philadelphia? A. In 1901, in November.

Q. Going to the Harrisburg route, the joint service of the Philadelphia and Reading via Allentown, what was the business shown by the earnings of the Jersey Central in 1901? A. $14,553.69.

Q. In 1913? A. $61,516.41.

Q. Please file with the Examiner a tabulation showing the growth of that business year by year during the period referred to.

The witness produced the following statement: —

"Central R. R. of New Jersey Earnings from Joint Service with Philadelphia and Reading Railway, via Allentown, Excluding Passengers Traveling on Mileage Tickets.

1901	$14,553.69
1902	22,081.82
1903	31,022.50
1904	30,636.18
1905	42,284.95
1906	48,230.78
1907	50,579.81
1908	45,970.86
1909	49,462.64
1910	53,595.22
1911	53,952.40
1912	57,147.49
1913	61,516.41

"Increase for 1913 over 1901, $46,962.72—322%."

Q. What year and month was that route established? A. That was in May, 1902.

Q. What is the line with which that joint service competes? A. The Pennsylvania Railroad.

Q. Going next to the Atlantic City service via Winslow Junction, made up of the Jersey Central and the Philadel-

phia and Reading subsidiary, the Atlantic City line, what was that business in 1901? A. $43,064.34.

Q. What was it in 1913? A. $126,438.90.

Q. With what line of railroad does that joint route compete? A. The Pennsylvania Railroad.

Q. I notice that following 1910 there was a very considerable drop in the earnings of that line from New York to Atlantic City. As a traffic expert, to what did you attribute that falling off of the earnings? A. That was caused solely by the opening of the uptown station of the Pennsylvania Railroad.

Q. Will you file with the Examiner a tabulation showing the increase or change in the volume of that business for the period mentioned?

The witness produced the following statement:—

"Central R. R. of New Jersey Earnings from Joint Service with Philadelphia and Reading Railway, via Winslow Junction, Excluding Passengers Traveling on Mileage Tickets.

1901	$43,064.34
1902	61,694.61
1903	73,331.23
1904	70,992.68
1905	88,805.85
1906	113,224.96
1907	123,583.38
1908	141,049.76
1909	147,282.81
1910	161,996.35
1911	147,380.26
1912	123,741.41
1913	126,438.90

Increase for 1913 over 1901, $83,374.56—193%."

Q. As to all these statements what form of ticket is covered by these earnings? A. Our accounts are kept so that the statement of revenue exchange business with the Philadelphia and Reading includes all classes of tickets,

that is, the single trip or excursion tickets, and mileage tickets. But on the other points it only includes the through tickets. All mileage tickets go into our revenue as local business.

Q. So there is no way of tracing the amount of revenue derived from the sale of mileage tickets used on these routes? A. No, sir.

Q. What, in your judgment and experience in the relation of mileage transportation to trip ticket transportation, is the relation of those earnings on trip tickets to the total earnings? A. From investigations that I have made I am fully satisfied that there are fully as many passengers traveling on mileage tickets on the through trains between New York and Scranton and New York and Harrisburg as there are on the ordinary form of ticket.

Q. You have no through service with the Philadelphia and Reading via Tamaqua, have you? A. No.

Q. When was the line to Atlantic City opened as a through joint route? A. It was opened with one train each way on week days in 1900. This was increased in 1902 with two trains in each direction, and it has been added to from time to time, and now we have two trains in each direction daily, including Sundays, and an additional train from New York on Saturdays and from Atlantic City on Mondays.

Q. What, in general, has been the history of the development of the facilities furnished on those lines? Has it been a matter of improvement or retrogression? A. It has been an improvement since the start, both in the matter of equipment, and we have also established joint dining car service with the Reading from New York to Philadelphia and on New York to Harrisburg trains and Scranton and Philadelphia trains.

Q. What about the Atlantic City and New York? A. And Atlantic City trains we run them on Sundays and on Saturdays.

Q. So that you have built up the service and improved the facilities during that period? A. Yes, sir.

Cross examination.

By Mr. Coudert:

Q. I note from one of your statements here that there has been a great increase in traffic in the Central Railroad of New Jersey earnings from joint service with the Philadelphia and Reading via Bound Brook between 1901 and 1913. What do you attribute that to? A. Largely to increase in the number of trains operated.

Q. Do you attribute that to the fact that the Reading System owns the Jersey Central System? Is that it? A. No. The joint operation, operating together, we have improved the service, more than double the train service.

Q. Is it not so that there was perpetual agreement between the Philadelphia and Reading prior to that date for the running of through trains? A. Yes. That line was established in 1876.

Q. So that agreement existed independently of the purchase by the Reading System of the Jersey Central, did it not? A. Yes.

Q. Were there not other through routes that existed under perpetual agreements similar to that one? A. No, sir.

Q. None that you are aware of? A. No.

Charles Hansel, having been duly sworn, was examined as follows:—

By Mr. Reynolds:

Q. What is your profession? A. Consulting engineer and investigator.

Q. What was your principal training for that career? A. I began my experience on the frontier of Colorado as chain man and afterwards as assistant engineer in charge of the building of the first line into New Mexico, afterwards chief engineer of the Wabash in charge of all the lines east of St. Louis. Afterwards engineer for the State of Illinois, as consulting engineer for the State. Afterwards engaged in various engineering work.

Q. Were you engaged in the valuation of railroads for taxation purposes in any of the western States at any time in the past? A. Yes, sir; I was a member of the Board of Review, appointed by the State of Michigan in 1900, to pass upon the various debatable theories and questions attendant upon the valuation of railroads in that State for the purpose of taxation and for other purposes I presume, but essentially for taxation in that case.

Q. So that you have been in the employ of these western States for a considerable period? A. Yes. Off and on. I was also engaged by the State of Michigan for the valuation of the Duluth, South Shore and Atlantic Railway.

Q. In 1910 were you appointed as expert in charge to re-value the railroad and canal property in New Jersey under Chapter 307 of the session laws of that year? A. Yes, sir.

Q. Did you undertake, with an associate, the re-valuation of the railroads for the purposes of taxation under that Act? A. I did.

Q. How long were you engaged in that work? A. From April 12th, 1910, until October 1st, 1912, which included not only the valuation of the properties, but the assessment under the valuation, and afterwards, as expert for the State, in the appeals of the carriers from the assessments.

Q. Can you put into the record some description of the method and manner and the character as to thoroughness of that appraisal and valuation? Make it brief, but bring out the salient features of the work. A. Up to the time of the New Jersey valuation other States had attempted to make valuations by taking a part of their information from the records of the carriers, and for the first time in the history of valuation, the State of New Jersey, under my direction, consummated a complete field survey and calculation of all quantities independently of any information from the carriers, except as to their title in the lands and other structures. Some 110 engineers and assistants were employed in the field work and office work, and over half of the railroads in the State and over half of the canals

have been under that system accurately cross sectioned and fully measured as to quantities and as to price.

Q. So that was a very exhaustive examination to support a Tax Act on railroads, and went down to unit prices of the component parts of the railroads? Is that true? A. It did. But, in addition, we had to deal with the intangible, so called, or franchise value under sub-division 4 of the Tax Act of the State, which called for the remaining value of the property.

Q. In making your valuation under the Taxing Acts in New Jersey you valued what was known as the main stem, or as it is called in the statute, the first class property? Is that right? A. I did.

Q. And also the adjacent property used for railroad purposes and transportation purposes outside of the main stem, designated in the statute of New Jersey as second class property? A. I did.

Q. Is it a matter of coincidence that what was designated in those statutes as first and second class property or main stem and adjacent property coincides with the physical property used by a railroad in the transportation service to the public? A. It is generally coincident, and I thought the intent of the Act to include that property of the carriers devoted to the service of the public. All other property was classified as third class and assessed by the taxing community in which it was found.

Q. And classes one and two were assessed by the State? A. By the State.

Q. And also class four, the intangible value? A. Yes, sir. I might explain that the sub-division 4 is other values, including the franchise. The franchise is not set apart from other elements of value, as such.

Q. Having made that inventory and appraised in this manner, what was done with it? A. It was made the basis for taxation in the State of New Jersey. I filed that report with Governor Wilson.

Q. At my request, about a year and a half ago, communicating to you the request of then Commissioner Lane of the Interstate Commerce Commission, did you prepare an affi-

davit giving a summary of the values of physical elements of the Central Railroad of New Jersey system in New Jersey, which was filed in Docket 4914? A. I did.

Q. Is that a copy of it? (Copy shown witness.) A. This seems to be a copy of it. I am sure it is so far as I can compare without having my original figures before me. The total is the same.

Q. What is that total which you found as the value for that appraisal as the basis of taxation? A. I will have to qualify my answer by saying that the total in the affidavit is $82,122,886. All of the items composing that total, excepting that of land, are as I appraised them. The item of land is as assessed by the State, which differed in some respects on account of appeals and hearings and various other causes from the sum that I had returned as the valuation.

Q. That was the final assessment of the land? A. The final assessment of the land is as shown in my affidavit, and the assessment is higher in some cases, and my affidavit so states.

Q. In this $82,122,886, the value of the Jersey Central property in the State of New Jersey alone, is there anything included in any of what you have described as the fourth class property, including franchise? A. Nothing.

Q. That is all physical property? A. Physical.

Q. Is there included any lands held for future use but not now presently used for transportation purposes? A. Nothing. All such would appear in the third class property, which is not assessed by the State.

(The affidavit produced by the witness is as follows):—

"STATEMENT

of Value of Physical elements of Central Railroad of New Jersey System in New Jersey.

1. Land	$18,765,956
2. Clearing and grubbing	62,403
3. Graduation	4,034,688
4. Tunnels	

5. Bridges, retaining walls and culverts.....	6,235,711
6. Track and its appurtenances.....	8,664,8 :5
7. Fencing.....	58,794
8. Crossings, cattle guards, gates and signs...	123,031
9. Block signalling.....	299,358
10. Interlocking.....	375,915
11. Miscellaneous signals.....	12,621
12. Passenger and freight stations.....	1,799,955
13. Shop buildings and engine houses.....	1,238,814
14. Docks and piers.....	1,656,994
15. Telegraph and telephone lines.....	
16. Turn-tables, transfer tables, track scales and track cranes.....	209,847
17. Pintsch Gas Plants.....	44,940
18. Electric Light Plants.....	
19. Grain elevators.....	
20. Miscellaneous structures.....	986,347
21. Shop machinery, machine tools and appurtenances.....	526,885
22. Locomotives.....	6,413,125
23. Passenger train equipment.....	4,023,050
24. Freight train equipment.....	21,206,988
25. Miscellaneous road equipment.....	303,397
26. Floating or marine equipment.....	4,543,000
27. Value of materials and supplies in New Jersey.....	536,242
28. Total value of all items as above.....	$82,122,886

STATE OF NEW JERSEY, }
COUNTY OF UNION. } *ss.*

Charles Hansel, being duly sworn according to law, on his oath says that he was appointed Expert in Charge to re-value railroad and canal property in New Jersey under Chapter 307, Laws, session of 1910, of the New Jersey

Legislature, approved April 12th, 1910; and that pursuant to said appointment he entered upon his duties and valued the properties of the Central Railroad Company of New Jersey, among others; that the attached schedules with the exception of item one, the valuation of the land, were valuations so made by him and returned to the State Board of Assessors as a basis for taxation by that body; that as to item one, the value of land, as stated in the attached statement, is the assessment as made by the State Board of Assessors, and appearing in the books and records of that body, to which books and records he has had access by reason of his official position; that the valuations so made by him were compiled under his direction and supervision; and the facts, matters and things contained therein are true to the best of his knowledge and belief.

CHARLES HENSEL.

Sworn to and subscribed before me this 7th day of February, 1913.

RAYMOND W. OAKLEY,
Notary Public, New Jersey."

[SEAL]

Q. Have you at my request pursued a similar course in making an inventory and appraisal of the properties of the various railway companies going to make up what is popularly known as the Reading System in the service of the public? A. I have prepared a partial inventory for justification of the road account of the Philadelphia and Reading Railway System.

Q. In that inventory did you take into consideration or attempt to inventory the equipment used in the operation of the so-called Reading System of railways? A. No, sir.

Q. What manner or method did you adopt in the making of this inventory of the physical property of the Reading System? A. I had the service of a special train, and was accompanied by the chief engineer of the Reading System,

Mr. Hunter, a stenographer, and my own assistants, and by these means we first observed and commented upon the various features of the physical property throughout the entire system, excepting such portions of the system as I had examined in New Jersey during the time I was employed by the State. I did not at this time go over the Atlantic City nor the Port Reading, as I was familiar with that territory.

Q. Or the line between the Delaware River and Bound Brook? A. I excluded that from the special examination, as I frequently go over it, and always try to increase my information as to the general characteristics of the property. After having made this survey in company at the same time with the several division superintendents and assistant engineers, and after having made a full description of the property as expressed in the report, I then, in association with the chief engineers' staff, all of whom were at my disposal, examined the records of the Company as to cost of construction of each of the several items included in the Interstate Commerce Commission's classification of road and equipment account. I have included all of the supporting data for the compilation of the totals in a separate volume, which is entitled "Supporting Data," in which will be found a description of each building, structure, land, track, and such other elements of physical value as have been included in the report. I do not contend that all of the items of property are included, because I had insufficient time to make an actual field survey, but I have completed this report in a manner similar to that pursued in the various states, that is, I have, so far as possible, taken the actual costs as shown by the records of the carrier, and, if you may say, all carriers in this connection, since there are a number of corporations involved in the assumed title, and where we had no record of the cost, I then took quantities and applied a price. For instance, for excavation, embankment, all the elements of gradation, and the elements of track, which are easily definable and analyzed, as set forth in this supporting data.

Q. Take the element of land, for example, what has been your method of valuing the land? A. I have included the land at the price which I considered to be the normal price of similar neighboring lands, without considering the element of cost of acquisition.

Q. Have you put into that value any adventitious value due to the user of land for railroad purposes? A. I have distinctly stated in the report that no such added sum is to be found in the report, and that only the naked or basic price—I will not call it value—has been attached to each of the several parcels of land. I illustrate in the report, however, that in the actual acquisition of some of the land of which I found records for, the cost of acquisition was several times the price which I felt was the normal value of the adjacent neighboring land for any other purpose than a railroad.

Q. Have you put into these land values any element for plottage or continuity? A. The continuity of the right of way?

Q. Yes. A. No.

Q. In the preparation of that report had you any information in advance of your arrival at your conclusion as to the value at which these properties were carried upon the books of the corporation? A. No; only that I had seen incidentally a so-called twenty-six year statement of what I found was to include none of the equipment, and I was unadvised as to precisely the territory this so-called twenty-six year statement covered.

Q. Is it true then that your conclusions as to this inventory and value were reached independently of information as to what the same property was carried at on the books of the companies owning these properties? A. It is true. And further, my instructions were simple, to the effect that I was to include the property in the service of the railroad for the public, and that was all the instructions that I received.

Q. Please file as part of your testimony your summary of partial inventory as appears on the first page of the report you have made.

The witness produced the following summary:—

"Philadelphia and Reading Railway System Summary of Partial Inventory for Justification of 'Road Account' as of June 30th, 1913.

(1) Grading	$29,613,090.00
(2) Bridges	28,250,476.00
(3) Buildings	11,481,731.00
(4) Signals and Interlocking	2,581,152.00
(5) Water stations	642,023.00
(6) Track	26,536,865.00
(7) Other construction details	13,991,400.00
(8) Machinery and tools, materia' and supplies, frogs and switches,	10,011,060.00
(9) Land	48,828,459.00
Partial inventory of physical elements	**$171,936,256.00**
(10) Engineering— 5% on items 1 to 8, bc ' inclusive	6,155,390.00
(11) Contingencies— 5% on items 1 to 8, both inclusive; 5% on item 10	6,463,159.00
(12) Legal expenses— 1% on items 1 to 8 both inclusive; 2% on item 9	2,207,647.00
(13) General expenses— 1% on items 1 to 8, both inclusive; 3% on item 9	2,695,932.00
(14) Interest and commissions— 10% on items 1 to 13, both inclusive	18,945,838.00
Total	$208,404,222.00

(Signed) CHARLES HANSEL.
Consulting Engineer and Investigator,
43 Exchange Place, New York."

At one o'clock a recess was taken until two o'clock P. M.

Q. Are you generally familiar with the topographical and geographical nature of the country through which the Reading System serves the anthracite coal regions? A. I am.

Q. Has it been a part of your professional work in recent years to make examinations of existing railroads for banking houses and those financing railroad ventures? A. I cannot say that I have made any such reports in recent years for banking houses. But, I have had to do for State Governments and bankers with the various problems of railroad construction and operation.

Q. That is, the field work that you have been doing has been to investigate for bankers routes for the construction of railroads, and then advising whether it would be a commercial proposition to build such a railroad? A. Yes. I have had such problems for bankers.

Q. Take the anthracite situation in the Schuylkill Region served by the Philadelphia and Reading system, would it be a commercially practicable and feasible venture to build a new railroad into that region from points of connection with the Jersey Central in the valley of the Lehigh River? A. I should say not.

Q. Why not? A. Because of the cost, which would be excessive on account of the topography, and on account of the need of separating the crossings of the new line from the existing lines. And because it would not be practicable without an entire change of the present tipples at the collieries for a new line to serve these collieries without crossing the existing lines at grade.

Q. Is your answer based at all upon the assumption that the existing railway there, the Philadelphia and Reading Railway, is in a position of stock ownership of the coal company which owns these collieries of which you speak in large numbers? A. No; I should say regardless of ownership of the collieries I would think it would be uneconomic to construct into a territory that was adequately served.

Q. What bearing has that qualifying phrase in your judgment? A. The qualifying phrase that you introduced as to ownership?

Q. The qualifying phrase that you introduced, that it was adequately served. A. If the collieries had not service, it would be so considered by those who were considering the financing of the new proposition. If, however, they had to divide with an established transportation agency, they could hardly hope to more than get some portion of the product, and consequently, the cost of operation would be in excess of the senior company which was there under more favorable circumstances, having had the right of way unoccupied at the time it built.

Q. Would it or not follow as a fact that the junior company would be involved in larger costs for initial construction than the company already there? A. It certainly would.

Q. Would it follow or not as an engineering proposition that the junior company would have as good a line as to gradient and alignment as the company already there? A. I think not.

Q. What would the consequences of that altered condition be in the operating cost of the junior company? A. It would increase it materially.

(Government counsel make a general objection to the testimony of this witness, and move to strike it from the record, on the ground that it is wholly incompetent, immaterial and irrelevant to any and all of the issues in this case.)

Cross examination.

By MR. COUDERT:

Q. How long were you in making the valuation in regard to the Reading Railroad as to which you have testified? A. I commenced the study on the 17th of January and finished it about the 1st of March.

ROBERT H. LARGE, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your official connection, and with what railroad? A. I am the general coal freight agent of the Pennsylvania Railroad lines east of Pittsburgh, comprising the Pennsylvania Railroad, the Northern Central Railroad,

the West Jersey and Seashore and the P. B. and W. Railroad.

Q. In that position have you got general charge of the rate making and traffic policy of the Pennsylvania Railroad as respects coal? A. I have charge of the coal and coke business of the Pennsylvania system east.

Q. How long have you been in charge? A. I have been general coal freight agent since June, 1910, and prior to that coal freight agent or practically assistant general coal freight agent since February, 1905.

Q. Has your business experience been that of traffic expert ever since you have been in the business? A. I have been in the traffic department in various capacities of the Pennsylvania Railroad Company for approximately eighteen years.

Q. To what extent is the Pennsylvania Railroad a transporter of bituminous coal? A. The bituminous tonnage of the Pennsylvania lines east aggregate about forty-five million tons per year. It is the largest transporter of bituminous coal in the United States, and, I think, in the world.

Q. Can you state about what proportion of your total tonnage on your lines east is made up of bituminous coal? A. Of our total freight tonnage, about thirty-five per cent.

Q. Are the communities tributary to the Pennsylvania system large consumers of bituminous coal? A. They are.

Q. Does the Pennsylvania Railroad own or control the coal mining operations in the bituminous field? A. It does not. The Pennsylvania Railroad Company owns no mining operations. The Manor Real Estate Company, of which the Pennsylvania Railroad Company owns I think all the stock, owns a comparatively limited area of undeveloped coal land.

Q. But is not a miner? A. It is not a miner of bituminous coal.

Q. So that as to this vast volume of bituminous traffic, the relation of the Pennsylvania Railroad is simply that of a transporter? A. Absolutely.

Q. What is, and has for many years been the avowed traffic policy of the Pennsylvania Railroad as respects the making of joint rates with other carriers originating bi-

tuminous coal bringing that coal upon the system of the Pennsylvania Railroad? A. With some minor exceptions, our policy has been for years, and is now, that we do not establish joint rates with any other railroad companies that are large producers and transporters of bituminous coal, by reason of the fact, first, that there is more bituminous coal produced on the line of our own road than the market will take, and, secondly, that there are all grades of bituminous coal produced in the various districts reached by the line direct.

Q. Have you reached that definite and avowed policy in respect to that matter purely as a transportation interest, or in the interest of the shippers on your lines? A. Primarily as a transportation matter—in the interest of the transportation. Secondly, of couse, in the interest of the miners and the producers on the road.

Q. What economic foundation is there for such a policy from the standpoint of the transporter? A. It has always been our policy, and we believe it to be the proper economic policy, to preserve the total transportation to our own line, which, of course, materially decreases the cost of operation.

Q. Does the public suffer by that in any way so long as the amount of the commodity produced is sufficient to supply the consuming markets tributary to your lines? A. The public not only does not suffer by it, but, I should say, that indirectly the public benefits by it.

Q. In what way? A. In the saving to the railroad company and the indirect benefit to the public by increased facilities and better service and operation.

Q. Has your policy been a notorious one, well known to the State and Federal commissions? A. I think so. It is not common by any means with us—it is not peculiar to the Pennsylvania Railroad Company.

Q. From your knowledge of other bituminous lines, can you say whether or not it is a general policy, under similar circumstances, of other bituminous lines? A. I should say, generally speaking, that throughout the eastern section of the country where bituminous carrying roads reach a terri-

tory that is producing more coal than there is market for on their lines, that it is the general policy.

Q. Has that been a normal, natural growth of traffic policy with your company and your neighboring bituminous carriers during the past twenty years up to the present? A. Yes, sir; I should say it had been the policy for a greater period than that

Q. How long back does it date? A. I should say it dates back to the commencement of the large development of the bituminous coal fields of Pennsylvania. With the southern lines it practically dates from the time that they were built.

Q. So far then as the Pennsylvania Railroad is concerned, the condemnation of any such practice as that remains for the future? A. That is correct.

(Government's counsel moved to strike out the testimony of the witness Robert H. Large, on the ground that it is irrelevant, incompetent and immaterial, and has no bearing whatever upon the issues in this case.)

Cross examination.

By MR. COUDERT:

Q. Do I understand you to say that the Pennsylvania Railroad refused joint rates to other roads on anthracite coal? A. I was speaking with respect entirely to bituminous coal.

Q. You say they do refuse? A. Yes, generally speaking.

Q. As a constant policy, in order that they may retain all the traffic on their own line? A. Yes, and by reason of the fact that there is more coal produced on our lines than will meet the market requirements, and we are compelled, in order to increase and keep up our tonnage, to seek markets.

Q. Are you aware of the fact that in the event of a refusal on the part of your road to make such series of joint rates, the Interstate Commerce Commission may compel it? A. That is correct; but, they have never so done.

Q. But you are perfectly aware of the fact that it might be done at any time by law? A. Oh, yes.

Q. Do you say it has never been done in the case of the

Pennsylvania Railroad? A. I have been intimately connected with the coal department for ten years, and I do not know of a case in so far as coal traffic is concerned, with the single exception, I think of the Enterprise Fuel Company case, where it was done, and, in that instance, it was limited to a destination which we could not reach, and the rate established was higher than our rate.

Q. Might not it have been done in other cases other than coal? A. Oh, yes, I think so.

Q. You think that a carrier should be permitted to retain to itself the coal market at points on its own line for the benefit of producing points on its lines, I take it? A. Primarily for the benefit of the carrier.

Q. I take it that your idea is that the policy of the Pennsylvania and the other roads has been that for the benefit of the carrier it should be permitted to retain to itself the coal markets at points on its own line? A. Unquestionably and, I think the public benefits from that.

Q. And that has been the policy of your road? A. That is correct, in so far as bituminous coal is concerned.

Q. Are you aware that that is diametrically opposed to the policy of the law as contradistinguished from the policy of your road? A. I am not a lawyer.

Q. Therefore, you are not aware that the effect of that policy is opposed to the decisions of the Interstate Commerce Commission? I ask you whether you are aware of that fact? A. I am not aware of that fact.

Q. Is the policy of the Pennsylvania Railroad the same in regard to anthracite as it is as to bituminous coal? A. No; it is directly the opposite, because the situation is diametrically different.

Q. You might explain that. A. In so far as anthracite traffic is concerned, there is not sufficient production of anthracite coal on our lines to anything like meet the requirements of the markets on our lines, and we are obliged to go to our other connections to seek tonnage, and are very glad to establish joint rates on that account. In fact, the production on our system is less than fifty per cent. of the consumption on our system.

Q. Would you say that in that case the establishment of joint rates is detrimental to the public? A. Oh, no.

Q. That is also highly beneficial to the public, is it not? A. It is equally advantageous to the public and equally advantageous to the railroad company.

Q. So that whether the railroad company establishes joint rates, or whether it refuses to establish joint rates, according to their policy, in either event, you are satisfied is to the benefit of the public? A. No; not at all. That depends entirely on the conditions.

Q. In one case you have said it would be beneficial to the public, and then very beneficial to the public when it is entirely the opposite? A. The conditions are different, entirely the reverse, the conditions in regard to the coal being the commercial conditions and the producing conditions, and the transportaton conditions are entirely the reverse in the two cases.

Mr. Reynolds offered in evidence statement from the books of the company showing dividends paid by the Philadelphia and Reading Railway Company to the Reading Company as follows:—

DIVIDENDS PAID BY PHILADELPHIA & READING RAILWAY COMPANY TO READING COMPANY.

Year.	Rate, Per Cent.	Amount.
June 30th, 1904	12	$2,400,000.00
" 1905	20	4,000,000.00
" 1906	30	6,000,000.00
" 1907	30	6,000,000.00
" 1908	30	6,000,000.00
" 1909	25	5,000,000.00
" 1910	25	5,000,000.00
" 1911	25	5,000,000.00
" 1912	15	6,372,255.00
" 1913	15	6,372,255.00
To January 31st, 1914	15	6,372,255.00
		$58,516,765.00

Mr. Reynolds also offered in evidence statement bringing down to date compilations which have appeared in the record of the old Reading case, showing the tons carried and the per cent. of the total tons carried by each of the so-called anthracite railroads from 1896 to 1913 inclusive. This statement is compiled from the monthly and annual reports of the Bureau of Anthracite Coal Statistics, which are sent to all the railroads and are available for the purposes of compilation.

	1896		1897		
	Tons.	Per Cent.	Tons.	Per Cent.	
P. & R. R. W.	9,019,535	20.89	8,395,411	20.16	8
L. V. R. R.	6,749,128	15.63	6,425,227	15.43	6
C. R. R. of N. J.	4,999,003	11.58	4,730,860	11.36	4
D. L. & W. R. R.	5,627,533	13.03	5,690,684	13.67	5
D. & H. Co.	4,152,273	9.62	3,921,665	9.42	3
Pennsylvania R. R.	4,752,120	11.01	4,764,332	11.44	4
Erie R. R.	3,447,234	7.98	3,448,455	8.28	3
N. Y. O. & W. Ry.	1,321,895	3.06	1,323,868	3.18	1
N. Y. S. & W. R. R.	1,410,080	3.27	1,314,433	3.16	1
D. S. & S. R. R.	1,698,684	3.93	1,622,929	3.90	1
	43,177,485	100	41,637,864	100	41

• Tonnage included in Lehigh Valley Railroad.
† Tonnage included in Erie Railroad.
First shipment over L. & N. E. R. R. made in July, 1912.
Shipments for year 1912: 295,259 tons.
Shipments for year 1913: 701,419 tons.

SHIPMENTS OF ANTHRACITE COAL VIA THE VARIOUS COAL CARRYING R

	1898		1899		1900		1901		1902		1903		1904		
er Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	To
20.16	8,219,814	19.62	9,683,503	20.32	9,338,516	20.70	10,971,007	20.48	5,909,401	18.94	11,490,963	19.36	11,399,622	19.83	12,5
15.43	6,885,577	16.43	7,588,932	15.92	6,909,442	15.32	8,310,343	15.51	4,631,535	14.84	9,737,160	16.40	9,611,426	16.72	10,0
11.36	4,626,386	11.04	5,392,550	11.31	5,309,856	11.77	6,160,037	11.50	3,629,986	11.63	7,404,612	12.47	7,201,276	12.53	7,9
13.67	5,795,540	13.83	6,372,402	13.37	6,013,849	13.33	7,531,735	14.06	5,152,498	16.51	9,575,551	16.13	9,333,069	16.23	9,5
9.42	3,891,246	9.29	4,132,459	8.67	3,973,859	8.81	5,007,622	9.35	3,090,604	9.91	5,927,283	9.99	5,276,797	9.18	5,6
11.44	4,801,349	11.46	5,158,101	10.82	5,169,947	11.46	5,647,125	10.54	2,610,234	8.37	4,555,459	7.67	4,765,953	8.29	4,8
8.28	3,451,054	8.24	4,296,937	9.01	5,165,070	11.45	5,841,593	10.91	3,814,150	12.22	6,343,852	10.68	5,711,173	9.93	6,2
3.18	1,371,592	3.27	1,891,478	3.97	1,658,457	3.68	2,508,277	4.68	1,627,478	5.22	2,693,462	4.54	2,646,730	4.60	2,8
3.16	1,301,763	3.11	1,454,375	3.05	†		†		†		†		†		†
3.90	1,555,430	3.71	1,694,467	3.56	1,568,488	3.48	1,590,862	2.97	735,004	2.36	1,634,489	2.76	1,546,476	2.69	1,6
100	41,899,751	100	47,665,204	100	45,107,484	100	53,568,601	100	31,200,890	100	59,362,831	100	57,492,522	100	61,4

2.

RRYING RAILROADS. YEARS 1896 TO 1913 INCLUSIVE.

	1905		1906		1907		1908		1909		1910		1911		
Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.
9.83	12,574,502	20.48	11,258,295	20.21	14,018,795	20.89	12,578,883	19.45	11,920,757	19.24	12,445,733	19.17	13,265,758	18.96	12,852,38
6.72	10,072,120	16.40	9,971,699	17.90	11,532,255	17.18	10,772,040	16.66	10,296,627	16.61	11,195,765	17.25	12,603,000	18.02	11,791,60
2.53	7,983,274	13.00	6,983,217	12.54	8,714,113	12.99	8,495,425	13.14	7,938,370	12.81	8,519,135	13.13	9,218,802	13.18	8,342,47
6.23	9,554,046	15.56	9,201,875	16.52	10,237,419	15.25	10,088,697	15.60	9,531,695	15.38	9,589,076	14.77	9,869,620	14.11	9,065,62
9.18	5,640,528	9.19	5,346,695	9.60	6,562,768	9.78	6,461,666	9.99	6,136,946	9.90	6,578,356	10.14	7,206,731	10.30	6,361,23
8.29	4,890,635	7.96	4,856,004	8.72	6,203,271	9.24	6,019,457	9.31	5,966,543	9.63	6,250,976	9.63	6,494,733	9.28	5,548,19
9.93	6,225,622	10.14	5,636,537	10.12	7,151,683	10.66	7,450,175	11.52	7,461,121	12.04	7,554,198	11.64	8,800,179	12.58	7,435,67
4.60	2,864,096	4.66	2,444,273	4.39	2,689,089	4.01	2,798,671	4.33	2,717,826	4.39	2,772,547	4.27	2,495,476	3.57	2,213,38
2.69	† 1,605,378	2.61	†		†		†		†		†		†		†
0	61,410,201	100	55,698,595	100	67,109,393	100	64,665,014	100	61,969,885	100	64,905,786	100	69,954,299	100	63,610,57

D 1913 INCLUSIVE.

06	1907		1908		1909		1910		1911		1912		1913	
Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.
20.21	14,018,795	20.89	12,578,883	19.45	11,920,757	19.24	12,445,733	19.17	13,265,758	18.96	12,852,386	20.20	12,914,887	18.70
17.90	11,532,255	17.18	10,772,040	16.66	10,296,627	16.61	11,195,765	17.25	12,603,000	18.02	11,791,601	18.54	13,011,370	18.84
12.54	8,714,113	12.99	8,495,425	13.14	7,938,370	12.81	8,519,135	13.13	9,218,802	13.18	8,342,477	13.12	9,092,433	13.16
16.52	10,237,419	15.25	10,088,697	15.60	9,531,695	15.38	9,589,076	14.77	9,869,620	14.11	9,065,622	14.25	9,903,541	14.34
9.60	6,562,768	9.78	6,461,666	9.99	6,136,946	9.90	6,578,356	10.14	7,206,731	10.30	6,361,238	10.00	7,094,258	10.27
8.72	6,203,271	9.24	6,019,457	9.31	5,966,543	9.63	6,250,976	9.63	6,494,733	9.28	5,548,193	8.72	6,351,756	9.20
10.12	7,151,683	10.66	7,450,175	11.52	7,461,121	12.04	7,554,198	11.64	8,800,179	12.58	7,435,679	11.69	8,192,352	11.86
4.39	2,689,089	4.01	2,798,671	4.33	2,717,826	4.39	2,772,547	4.27	2,495,476	3.57	2,213,382	3.48	2,509,031	3.63
100	67,109,393	100	64,665,014	100	61,969,885	100	64,905,786	100	69,954,299	100	63,610,578	100	69,069,628	100

Pursuant to the right reserved for the purpose, counsel for the Government now re-offer the illustrated map, in which a number of corrections have been made.

Map marked "Government Exhibit No. 1."

Defendants object to the receipt of this map as inaccurately delineating the Central Railroad of New Jersey thereon.

Adjourned until Friday, April 3d, 1914, at 11 o'clock A. M.

PHILADELPHIA, Friday, April 3d, 1914.
11 o'clock A. M.

Present.—The Examiner. Messrs. Coudert, Kingsbury and Gordon, Special Assistants to the United States Attorney General, for the Government. Messrs. Reynolds, Heebner and Drinker, representing defendants.

EDWIN F. SMITH, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your occupation? A. I am civil engineer by profession.

Q. What positions have you in the past occupied with the Schuylkill Navigation Company? A. I became connected with the Schuylkill Navigation Company on the 1st of October, 1862, and was assistant engineer in charge of maintenance of the works until I think 1872, when I was made resident engineer, in charge of the works. Later I was appointed chief engineer, and later general manager, and continued in charge of the Schuylkill Navigation works until the 1st of October, 1911, when I retired from the service.

Q. Who was the chief engineer of the canal at the time you entered the employment of the company? A. My father, James F. Smith, was chief engineer, and had been on the Schuylkill Navigation since 1843.

MR. REYNOLDS:—I read in evidence a part of the Act incorporating the Schuylkill Navigation Company, being "An Act to authorize the Governor to incorporate a company to make a lock navigation on the river Schuylkill." Pamphlet Laws of Pennsylvania of 1815 beginning at page 72.

It is understood that either side may refer to this Act and spread so much on the record as they desire.

At the moment I simply desire to read into the record the substance of section 16, which is as follows: "And be it further enacted by the authority aforesaid, That as soon as the said navigation is executed in a masterly workmanlike manner, according to the true intent and meaning of this act, then the Governor shall by license under his hand and the less seal of this Commonwealth, permit the said president, managers and company, to demand and receive of and from the persons having the charge of any boat, ark or other vessel passing through any lock erected on said river or canal, twelve and a half cents at each lock below the borough of Reading, and eight cents above that borough, upon each and every ton of the ascertained burden of such vessel: Provided, That if at the expiration of two years after the said work shall be completed, the tolls, together with the interest of the surplus of any money arising from the sale of water power or the rents and profits thereof, should enable the company, after paying all repairs and other necessary expenses, to divide more than nine per centum per annum on the capital stock expended, then and in such case the tolls shall be so reduced that the dividends shall not exceed nine per cent. and shall so continue for five years; and if at the expiration of that time, shall exceed fifteen per cent. they shall be so reduced as not to exceed fifteen per cent. and shall at that period be so regulated from time to time as not to exceed fifteen per cent. per annum; and if at any time after the expiration of two years from the completion of said work, the net profits aforesaid, shall not amount to nine per cent. upon the money expended, it shall be lawful to raise the said tolls so as to divide nine per cent."

Also section 26, as follows: "And be it further enacted by the authority aforesaid, That if the said corporation

shall, at any time hereafter, misuse or abuse any of the chartered privileges hereby granted, the legislature may, at any time thereafter, resume all and singular the rights, privileges and franchises hereby granted to the said company."

Q. Referring to section 16 giving the company the right to take tolls from each ton's burden of every boat at the rate of twelve and a half cents at each lock below Reading, how many locks were there below Reading in the canal? A. There were twenty-four locks below Reading.

Q. Referring again to the same section, where it is provided that they are to be able to take eight cents toll for each ton's burden of every boat at each lock above Reading, how many locks were there above Reading? A. Forty-eight locks above Reading. There are seventy-two locks in all from the head of navigation to Fairmount, Philadelphia.

Q. What did that make the authorized toll per ton burden of the vessel? A. That depends entirely upon whether they mean by the burden of the vessel its calculated tonnage or its actual loading tonnage. On the calculated tonnage it would make about $6.84. Its actual tonnage, the cubic contents of the vessel in displacement, the same as an ocean steamer, like the Imperator, is measured, and that is the actual tonnage that the vessel carries.

Q. In either event, taking the lowest figure it makes your toll about four dollars a ton, does it not? A. In what year was that Act?

Q. I am referring to when the Act was passed, in 1815. A. Those were much smaller boats than are used now for navigating the Schuylkill, and my recollection in reading about them is that they were about sixty tons capacity at that time.

Q. At what rate per ton of coal would that put the freight? At twelve and a half cents for the twenty-four locks below Reading and at eight cents for each lock above Reading, forty-eight in number for the ton burden of each boat? A. If this is taken at eight cents a ton for each lock above Reading, and twelve and a half cents a ton for each

lock below Reading, it would make an aggregate of $6.84 a ton.

Q. Was the canal simply a water highway maintained and operated by the Navigation Company? A. As a water highway alone?

Q. Yes. A. No; it was not. It was chartered as a public highway of the State. As a canal and river navigation, called the Schuylkill Navigation for the passage of boats, and to be used by the public on the payment of toll. And it was also distinctly chartered to sell water power.

Q. So far as its canal use was concerned, it was and is possible, is it not, for anybody who wants to operate a canal boat of his own, to go on the canal, under his right to demand the use of it upon the payment of the tolls? A. Yes, sir. It has always been so, and is so now. Any one approaching a lock with a boat, on the payment of toll, can pass through without question, with any cargo that he may choose to load in his boat.

Q. At the present time all that any independent coal dealer would have to do would be to load his coal on a canal boat and bring it down through the canal if he thought well to do so? A. That is all. He can do so.

Q. Is this paper which I show you the toll tariff of the Schuylkill Navigation Company? (Paper shown witness.) A. It is. This paper contains the rates of tolls to be paid on anthracite coal for the three various sizes, prepared sizes, pea coal and smaller sizes. These rates on coal include steam towing by tugs between the outlet lock at Fairmount in tidewater, and any service on the Schuylkill front down to the mouth of the Schuylkill, but not into the Delaware River.

Q. It also includes the service of dumping the coal into the canal boat at the point of origin, does it not? A. It does. It includes the payment of the railroad tolls from the mines to the canal landings at Port Clinton, where the coal is put into the boat.

Q. That is, if that independent shipper owning his

canal boat wanted to use this canal for the transportation of coal to Philadelphia, he would pay the Schuylkill Navigation Company $1.05, and the Schuylkill Navigation Company would pay the cost of transporting that coal from any colliery in the Shamokin, Mahanoy, Schuylkill, Lorberry and Lykens Valley districts down to Port Clinton, and there dump the coal into that man's canal boat for him all for $1.05? A. No; he would not pay the charge of dumping the coal into the canal boat. He would deliver the coal on the siding at Port Clinton. The Navigation Company would assume the expense of moving it from the railroad siding to the canal landings, weigh it on its own scale, and dump it into the boat.

Q. That was what my question stated; that the Navigation Company pays the railroad for getting the coal into the canal boat? A. No; the Navigation Company does not pay the railroad the entire cost of bringing it from the mines and putting it into the boat. It pays the cost of bringing it from the mines to the railroad sidings nearby Port Clinton landings.

Q. This says that the above rates include the loading and trimming. What does that phrase mean? If it does not mean that they also assume the cost of loading the coal into the canal boat, what does it mean? A. The Navigation Company assumes the cost of loading and trimming.

Q. That is what I say. A. I did not understand you. The Navigation Company assumes the cost of loading and trimming.

Q. The Navigation Company then assumes the cost of transporting the coal from the mines to Port Clinton and then moving it over and weighing it and dumping it into the canal boat? A. Yes, sir.

Q. The Navigation Company does that? A. Yes, sir.

Q. So that the shipper has only to pay $1.05 for getting that coal from any of the mines in the regions I have named to Philadelphia in his own boat, is that right? A. That is right.

Mr. Reynolds offered in evidence tariff referred to by the witness as follows:—

"OFFICE OF THE

"SCHUYLKILL NAVIGATION COMPANY,

"PHILADELPHIA, PA., April 1, 1912.

"Until further notice the following *Rates of Toll*, in cents per ton (2240 pounds), will be charged on *Anthracite Coal*, from Collieries in Shamokin, Mahanoy, Schuylkill, Lorberry and Lykens Valley Districts, in boats using the Schuylkill Navigation, from Port Clinton:

TO.	FROM COLLIERIES IN SHAMOKIN, MAHANOY, SCHUYLKILL, LORBERRY AND LYKENS VALLEY DISTRICTS.		
	Prepared Sizes.	Pea Coal.	Smaller Sizes.
Hamburg	75	60	55
Shoemakersville	83	68	53
Mohrsville	88	73	53
Leesport	91	71	51
Reading	94	74	54
Birdsboro	102	72	52
Port Union and Unionville	101	86	66
Pottstown and Parkers Landing	104	84	64
Spring City	106	86	71
Black Rock Dam	106	86	71
Manayunk and Falls	108	78	63
Philadelphia-Schuylkill Front	105	75	60

"Steam Towing.—The above rates include towing between Fairmount Locks and wharves on Schuylkill Front.

"The above rates include Loading and Trimming, but are exclusive of the cost of unloading.

"If coal is shipped in leased boats, a proportion of the freight rate for boat installment will be collected from the shipper with the tolls, and noted on Captain's Bill of Lading as so much freight advanced.

"No deduction will be made from these rates to free boats, nor will any premium be allowed for prompt unloading.

"W. B. NISSLY, Superintendent.

"A. A. KIRLIN, Collector."

By Mr. Coudert:

Q. Do I understand you to say that that charge includes the amount paid by the Navigation Company to the Railroad Company for bringing the coal from thirty odd miles from the mines to Port Clinton? A. Yes, to Port Clinton.

By Mr. Reynolds:

Q. Any distance? It would be over thirty miles in some instances. Whatever distance it happens to be? A. Yes, sir.

Q. The tariff condition is to be read as indicating for $1.05 any independent operator can have his coal gathered at any of the collieries in the Shamokin, Mahanoy, Schuylkill, Lorberry, Lykens Valley Districts, brought to the canal and dumped in his boat, and may use the canal to tow his coal to destination at Philadelphia, all for $1.05? A. That is right; yes, sir.

Mr. Reynolds:—At this point I desire to read into the record Statute No. 48 of the Session Laws of 1870, of the Commonwealth of Pennsylvania, being entitled "A supplement to an act, entitled 'An Act relating to railroad and canal companies' approved April eleventh, one thousand eight hundred and sixty-four," as follows:—

"Section 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, That it shall be lawful for any canal or navigation company, incorporated by this commonwealth, to purchase and hold the stock and bonds, and to lease the road and property of, or become consolidated and merged with, any railroad company so incorporated, and for any such railroad company to purchase and hold the stock and bonds, and to lease the canal, navigation and property of, or become consolidated and merged with any such canal or navigation Company, in the same manner as such purchases, leases, consolidation and merger are now allowed by law by and between railroad companies; and all the provisions of existing acts relative to such purchases, leases, consolidation and merger by and

between railroad companies are, whenever applicable, hereby extended so as to embrace the purchases, leases, consolidation and merger hereby authorized.

BUTLER B. STRANG,
Speaker of the House of Representatives.
CHARLES H. STINSON,
Speaker of the Senate.

Approved—The fourteenth day of April, Anno Domini one thousand eight hundred and seventy.

JNO. W. GEARY."

MR. REYNOLDS:—I desire to offer in evidence the lease dated the twelfth day of July, A. D. 1870, by and between the President, Managers and Company of the Schuylkill Navigation Company of the first part, and the Philadelphia and Reading Railroad Company of the second part, under which the canal property was leased by the former company to the latter. I will not put in the entire lease, because much of it is irrelevant. It is understood that either side may quote at length from the lease if they desire. All I wish to put in is the statement that the lease was made at that time, and is the lease under which the canal was made over to the Philadelphia and Reading Railroad, and I wish to read the following from the lease (page 2, sub-paragraph 2). "And the parties of the first part (being the Schuylkill Navigation Company) do hereby grant, bargain and sell, assign, transfer and set-over unto the parties of the second part, their successors and assigns, all the estate, real, personal and mixed of the parties of the first part not included in the aforesaid demise, of whatever nature or kind the same may be, and whether the same may be held in possession, remainder or reversion, including thereunder all the lands with the buildings, structures, and improvements thereon erected, water rents, ground rents, tenements and hereditaments of the parties of the first part not included in the above demise. * * * To have and to hold the premises thus granted, bargained, sold, assigned,, trans-

ferred and set over unto the said parties of the second part, their successors and assigns, to and for their only proper use and behoof forever." Without reading at length, I wish to indicate on the record that the seventh covenant of the lease is a covenant of further assurance to give further conveyance to effectuate that conveyance. Then as respects the lease, the covenants or agreement, I wish to read the proviso or clause first on page 3, being as follows: "Provided, however, that nothing herein contained shall require the parties of the second part to keep up or maintain any part of the demised premises situated north of the division of the works of the parties of the first part known as the Hamburg canal, if in the opinion of the parties of the second part the expense of maintaining the same in repair would be greater than the revenue therefrom would justify, and, if the parties of the second part may otherwise be legally authorized to omit such maintenance and repair. And the parties of the second part are hereby expressly authorized and empowered (if otherwise legally entitled so to do) to discontinue the use for canal navigation or water power purposes of any part of the demised premises situated north of said Hamburg Canal, if in their opinion the productive value of the other demised premises would be greater after such discontinuance than before; and the parties of the second part are further authorized and empowered either to retain for the whole or any part of the said term of nine hundred and ninety-nine years such part of the premises, the use of which for any or all of the purposes aforesaid shall then have been discontinued, and to appropriate the same to such uses as they may think fit, or at their option to sell the same or any part thereof for any such price or prices and upon such terms and conditions as they may deem expedient, and to execute and deliver to the purchaser or purchasers such deed, assurance or other instrument of writing either on behalf of the parties of the first part or parties of the second part or both as may reasonably be required to grant and convey to the purchaser or purchasers all the estate, right, title and interest, claim property and demand of either or both of the parties hereto in the prem-

ises, free and clear from all liability on the part of the purchaser or purchasers to see to the application of the purchase money." The seventh clause from which I read refers at its conclusion to the parcels of real estate mentioned in the *habendum* clause in the beginning as being described in the schedule hereunto annexed, marked A.

Q. Are you familiar with the real estate of the Navigation Company which was conveyed to the Philadelphia and Reading Railroad by this instrument and mentioned in Schedule A attached to it? A. I believe I am acquainted with all that property.

Q. Was that property of any considerable value? A. It was.

Q. Has any of it been sold since that deed? A. Yes, sir; some of it has been sold.

Q. What has been realized for the sale of that which has been sold? A. There have been sold, according to this statement, over $450,000 of the property.

Q. What is the value of the property still remaining thus acquired from the Navigation Company? A. About $900,000 or more. Not less than $900,000. I would say a million dollars, not including properties attached to the locks, known as lock house properties, which have always been considered as part of the works, but still, that does take in lock house properties, and property that has been held for the maintenance of the canal. So that the one million dollars of property not sold does not include those locks.

Q. How long was the canal at the time you first came into the employ of the company, in 1862? A. It was 108 miles in length from Port Carbon to Philadelphia.

Q. Did it run outside the State of Pennsylvania? A. No; it did not. The southern terminus was at what is now Spring Garden Street bridge in West Philadelphia, or Callowhill Street, and what is named in the charter as the Lancaster Schuylkill bridge.

Q. At that time did the Schuylkill Navigation Company have any relations whatever with the Reading Railroad? I am still speaking of 1862. A. No; it had not.

Outside of paying the Reading Railroad for the transportation of coal from the mines to the shipping landings.

Q. Were there other railroads at that time serving the docks on the canal and delivering to it coal from various collieries in the region? Do you remember the Mill Creek Railroad? A. Yes, sir; I remember the Mill Creek Railroad from Port Carbon to St. Clair at that time, or a short distance above St. Clair.

Q. The Schuylkill Valley Railroad? A. The Schuylkill Valley Railroad was serving the navigation landings at Port Carbon, from Port Carbon to Tuscarora east of Port Carbon.

Q. The Norwegian and Mt. Carbon Railroad? A. The Norwegian and Mt. Carbon was serving the canal landings at Mt. Carbon, one mile below Pottsville, and that railroad was the Norwegian Railroad in two branches, the east branch and the west branch, running a short distance above Pottsville.

Q. And the Mine Hill and Schuylkill Haven Railroad? A. The Mine Hill and Schuylkill Haven Railroad was in operation at that time from Schuylkill Haven, connecting directly with the Schuylkill Haven landings, and also connecting with the Reading Railroad, and operating coal down from the mines in the Mine Hill district.

Q. And the Little Schuylkill Railroad? A. The Little Schuylkill was built in 1838, and was in operation from Port Clinton to Tamaqua, and brought coal from the neighborhood of Tamaqua to the canal landings at Port Clinton.

Q. In those days were there any collieries adjacent to the canal, still speaking of 1862 or 1863? A. No; there were no collieries adjacent to the canal.

Q. What was the nearest colliery to the canal as you recall in those days? A. The nearest collieries I think were those on Mill Creek in the neighborhood of St. Clair.

Q. How close were they? A. About three and a half miles would be the closest I think.

Q. Was the canal dependent upon the railroads of that locality which we have referred to for the delivery of coal

to it for transportation over the canal? A. Yes, sir. The canal was entirely dependent upon the railroads for its coal tonnage.

Q. At that time did the Navigation Company control any of these railroads that we have been referring to, or own any of them? A. It did not own any of them, and my impression is that it did not control any of them.

Q. So far as you are aware, it did not control any of them? A. So far as I am aware, it did not control any of them. Each of the railroads had its own organization entirely independent of the Schuylkill Navigation Company.

Q. How far distant from the canal were most of the collieries upon which it was dependent for coal shipped over it? You spoke of one being as near as four miles. How far distant were most of them? A. At that time?

Q. Yes. A. I should say that the average distance would be from thirty to thirty-five miles.

Q. Going back a moment to the subject of tolls, can you say what the average rate per ton by way of tolls which the Schuylkill Navigation Company received was for its water transportation in the decade ending in 1870? A. Yes, I can. In the decade ending 1870, the average rate of tolls was 98.3 cents per ton.

Q. And was the part of the through transportation which the Navigation Company kept for its service? A. Yes, sir.

Q. What was the average rate of the toll in the first ten years under the Reading Railroad's lease, from 1870 to 1880? A. It was 72.3 cents per ton.

Q. That again being the amount which the Navigation Company kept out of the through rate for its part of the transportation service? A. Yes, sir; out of the through rate. That we understand was the average rate, 72.3 cents per ton for all points on the canal. It is the average of the entire bulk of transportation, including through to Philadelphia and way stations as well, wherever coal was delivered to by canal.

Q. What has been the trend since that time? Have

the tolls worked gradually upward or gradually downward? A. The trend has been downward except in one decade.

By Mr. Coudert:

Q. Which one? A. In the decade from 1901 to 1910 it was slightly upward.

By Mr. Reynolds:

Q. By 1912 how far had it got above 98.3 cents? What has it been in the last five years? A. There has been no change in the last five years. The average rate has been 47.5 cents per ton.

Q. Speaking generally of the history of canal transportation in this part of the country under private direction rather than governmental, have the canals been successful in Pennsylvania? A. No; they have not been successful in Pennsylvania, and I may say that canals of small size, other than ship canals, have been decidedly unsuccessful over the entire United States.

Q. Are you familiar with the Pennsylvania canal? A. I was familiar with it slightly during its life time. I had seen it a number of times and had met the superintendent a number of times when he was in charge, so that I was familiar to some extent with their operations.

Q. Was that a State enterprise originally? A. It was, I believe, originally a State enterprise.

Q. Is it now in existence? A. It is not now in existence.

Q. About how long ago did it give up the ghost? A. About twenty-five years ago. As nearly as I can recollect, it was about the year 1888 or 1889.

Q. Are you familiar with the Monongahela navigation? A. I am, or was, years ago. I was called in by the United States engineers, together with another member of the American Society of New York, to go over the Monongahela navigation with them to look over the possibilities of improving that line of navigation through to the West Virginia line, from Pittsburgh to the head of Monongahela navigation.

Q. Did you discover that that was a thriving proposition

on that investigation? A. It was not such a proposition as we thought would be bettered by any enlargement of it. All of us thought at the time that it would be better to maintain the works just as they had been maintained, and not go into the building of more dams and more locks so as to enlarge the navigation. The river was navigable for small steamers and for towing barges. It was not thought it would be advisable to go into any further enlargement as it would not pay. On the lower Monongahela traffic had almost disappeared by reason of the building of the railroad.

Q. Is that navigation used to any extent now? A. Oh, yes, it is used, the same as the Allegheny River is and the Ohio River. It is an open river.

Q. Were you familiar with the Chesapeake and Ohio canal? A. Only slightly.

Q. What became of that? A. The Chesapeake and Ohio went out of existence years ago. How long I do not know. It is not operated any longer as a through line of canal navigation.

Q. The record here discloses that the Lehigh Coal and Navigation Company had some rosy dreams about canal navigation, and were going to substitute electric motive power for mules. Were you familiar with that movement to bring up to date canal transportation? A. Yes, sir; I was familiar with the movement, but only from what I heard of it and read about it at the time. I knew it was being tried.

Q. It was discussed in the engineering journals, was it not? A. Yes, sir; and in other publications.

Q. Was it adopted as a means of supplanting the faithful mule? A. No; it was not. Experiments seemed to, and did show that it was too expensive a motive power for boats; that it was better to keep to the mule traffic.

Q. About what is the rate of speed at which a canal boat loaded can be forced through the water in the ordinary canal? A. That depends entirely upon whether it is going with the current or against the current.

Q. Give us first the express speed and second the freight speed against the current. What would be the reckless

speed they might have been going with the current? A. The light boats go against the current, the empty boats. All of these canal navigations from the coal regions are on what we would call a descending navigation with the boat loaded. The light boat would go up stream against the current.

Q. Generally your loaded boat is with the current? A. With the current in the canal.

Q. Give us what the rate of speed normally is of towing a boat loaded with the current? A. It is not over a mile in a half an hour.

Q. Is that any handicap in competition with the railroad? A. No; I do not think that the question is one of speed at all. That is not what led to the abandonment, or nearly abandonment, of canal systems and diversions of freight to the railways. Not the speed.

Q. What became of the Union canal? Where did that run? A. The Union canal was a small canal work narrow, and of shallow depth, not over four and a half feet, I believe, in depth, and extended from Reading to Middletown on the Susquehanna River.

Q. That was chartered by Robert Morris, was it not? A. No. The navigation that was chartered by Robert Morris in 1792 was from the Delaware River to Reading to connect with a line to be built to the Susquehanna, called the Delaware and Susquehanna canal.

Q. What became of the Union canal? A. The Union canal went out of use and was closed years ago.

Q. How many years ago? Fifty? A. No; not fifty, but nearly so.

Q. Do you remember the North Branch canal? A. I saw portions of it years ago. I had no particular acquaintance with it.

Q. That also died before you got acquainted with it? A. You might say that it did. It went out of existence in the eighties—somewhere between 1884 and 1890.

Q. All these were privately owned and operated canals, were they not, with the exception of the first one, the Pennsylvania canal? A. They were.

6585

Q. They have all gone to the scrap heap? A. Yes, sir.

Q. They were all in Pennsylvania? A. Yes, sir.

Q. That is what happened to canal transportation in this part of the country? A. Yes, sir. It is what will happen to it in New York State, with the New York and Erie. They will find out that the expenditure of one hundred and ten million dollars on a canal ——

MR. COUDERT:—You are speaking as a prophet, having been in the canal business and not having made a success out of it? A. I am speaking of my knowledge of engineering and water navigation, that the New York and Erie canal improvement as it is being made is not large enough to answer the purpose for lake navigation going through, as they expect it to handle, and that it will not interfere in the least with the traffic of the New York Central. I may say the same thing of the Panama Canal, that it will not interfere in the least with the traffic of the transcontinental railways. I ought to know it. I have been in the canal and railroad service all my life. If I do not know it, nobody knows. Whether you call it prophecy or not, that is what will happen with the Panama. It will do an immense trade, but it will not do a trade that will hurt the transcontinental railways. It will open up a new trade. The Erie will be operated and take part of the lake trade, but not all of it, by any means, and will not get the local trade. That will still go in carload lots to the New York Central. Many of you will live longer than I will and you will have a chance to see whether that will turn out or not.

By MR. REYNOLDS:

Q. Going back to the consideration of the situation, where was your Philadelphia terminal pool of this canal navigation when you first came to it in 1862 to 1869? A. It was in tidewater of Fairmount locks, which is just above Callowhill Street and Spring Garden Street.

Q. How far back up on the canal did that Fairmount pool run? A. Six miles, to Manayunk.

Q. Did the city of Philadelphia at that time have any control over that pool? A. It had a joint agreement with the Schuylkill Navigation, entered into in the year 1824, I

think, under the terms of which the city of Philadelphia was to build and maintain the Fairmount dam, which took the place of what had been the original outlet of the canal at the Falls of the Schuylkill, and, in return for that the city of Philadelphia was to have the right to use the water power of Fairmount dam at the Fairmount Water Works to pump water into its reservoirs, for the supply of the city, and one of the provisions of that agreement was that the City was not at any time to pump the water below the top of the dam, and was not to interfere with the navigation of Fairmount pool by the Schuylkill Navigation.

Q. What occurred in the late sixties in respect to that Fairmount pool? A. The city of Philadelphia in operating its turbine water wheels at Fairmount had been interfering with the passage of boats through the pool of Fairmount dam for some years prior to 1869. It was almost a yearly occurrence that the navigation was interfered with and stopped at times for ten days to two weeks. This culminated in the year 1869, when, on the 11th of August, in consequence of the action of the city of Philadelphia, in violation of its agreement, in drawing down the level of Fairmount pool for the supply of water power to the turbine wheels at Fairmount, the navigation was so impeded that loaded boats could no longer pass. This stoppage of the navigation continued until the 7th of September, 1869, when by using steam power the city was enabled to restore the navigation so that it was kept open for a part of each day only until the 25th of September, on which day there was a heavy rain, and the navigation was fully resumed.

Q. Following that, in October of that year, did you have any serious flood troubles? A. On the 4th of October, 1869, the same year, the heaviest flood ever known on the Schuylkill River swept the valley for its entire length and caused great damage to the Navigation works, requiring the expenditure of a large sum of money for repairs and rebuilding.

Q. Was that followed then by any unusual conditions in the mining regions? A. Yes, sir.

Q. What happened then? A. That was followed by the

protracted suspension of mining operations in the first and second coal fields for two weeks, in March, 1870, and for the entire period from April 1st to August 1st, so that out of the forty weeks constituting the shipping season by canal of the year 1870, fully one-half was lost.

Q. As far as you know did the Philadelphia and Reading Company have anything to do with the action of the city of Philadelphia or the floods or the strikes? A. They had nothing whatever to do with it. It was a series of misfortunes.

Q. Following those events, the canal was leased as we have found? A. Yes, sir. That is the fact, that these misfortunes caused a great loss to the Navigation Company in traffic and tolls, and brought about the lease to the Reading Railroad Company on the 12th of July, 1870.

Q. After that lease did the Railroad stifle the canal transportation in any way? A. No; the Railroad Company did not. On the contrary, it did a great deal to try to build up the Schuylkill navigation and increase its traffic. The proof of that is the fact that immediately after the lease the Railroad Company expended large sums of money in building new boats, in an effort to increase the carrying capacity of the canal, and to keep it up to a business of forty thousand tons of coal per week. Over one hundred boats were built during the year 1871. In that year the canal carried 1,010,170 tons of anthracite coal.

Q. Going to the lease and referring to the clause which I read, which provided that nothing in the lease should require the railroad to keep up and maintain any part of the canal north of Hamburg, how far in the direction of Philadelphia is Hamburg below the upper end of the canal at Port Clinton? A. It is three miles below the upper end at Port Clinton.

Q. The upper end of the canal to-day is at Port Clinton? A. At Port Clinton.

Q. So that when this lease was made this provision was put in referring to the possible abandonment of the canal above Hamburg? A. Yes.

Q. What had been the attitude of the Schuylkill Naviga-

tion Company itself in respect to this question of abandoning the canal above Hamburg prior to the making of the lease? A. It was realized by the officials of the Navigation Company that the upper end of the canal from Hamburg to Port Carbon was exceedingly difficult to maintain, and costly. In that distance of fifteen miles there were thirty locks. The river was narrow and shallow, the dams were continually obstructed by dirt and gravel that was brought down by the streams, so it was an exceedingly difficult proposition to maintain that end of the navigation, and a costly one. And that led the officials of the Navigation Company to suggest that at some time it would be better for all interests to move the head of navigation to Hamburg, and with that in view, after the lease, the Philadelphia and Reading Railroad Company, purchased over three hundred and sixty acres of land, and had the surveys made for new docks and equipment at Hamburg.

Q. With the navigation head at Hamburg was the canal still in a position to receive coal from the various railroads leading from the coal region down to Hamburg? A. Yes, sir; because part of the plan was to build a short connection, about a mile and a half in length, from the main line of the Reading Railroad over to these proposed new docks at Hamburg, and there receive the deliveries of coal the same as is now received at Port Clinton.

Q. How far was it from the original head of navigation on the canal at Port Carbon to Schuylkill Haven? A. It was about six miles—close to six miles.

Q. Do you remember when that was abandoned as a navigation? A. That was abandoned in the year 1884, and all shipments by canal made at Schuylkill Haven.

Q. When was the canal abandoned from Schuylkill Haven to Port Clinton? A. In 1888.

Q. What is the distance from Schuylkill Haven to Port Clinton? A. I think by canal it is thirteen miles, close to it. I am not quite sure of this distance.

Q. Prior to these abandonments what was the particular source of expense in keeping the canal open for navigation? A. On the upper end?

Q. Yes. A. The great cost of steam dredging and maintaining the pools made by the dams in the river, and the excessive lockage, requiring a large number of lock tenders and a larger number of men for taking care of the navigation than was the case below Port Clinton.

Q. How much of the time did you have to dredge up above Schuylkill Haven and Port Clinton in those days? A. There were two steam dredges at work, and sometimes three, during the whole boating season. In fact, the custom was to get the dredges to work as quickly after the Winter season as it was possible, in order to prepare the river channels for boating, and that dredging was kept up until the close of navigation.

Q. Why should it be necessary to do any more dredging up in that end of the canal near the coal regions than down in the lower end of the canal? A. It was largely owing at that time to mountain streams, which at times of flood brought refuse down into the river near the head waters, and that is the case with all streams going through agricultural districts and mountain regions. Below Port Clinton the river is larger and the dams are wider and deeper and not so easily filled up.

Q. The cross section through which the water flows gives a better current? A. Gives a better current, and more volume of water.

Q. Who recommended the abandonment of the upper end of the canal? A. I recommended it myself in 1884 first for the section from Port Clinton to Schuylkill Haven, and in 1888 from Schuylkill Haven to Port Clinton.

Q. Did you not do that at the dictation of somebody in the railroad? A. No. They had nothing to do with it. It was my own project, and when I had worked it out I went to the President, Mr. MacLeod and obtained his consent to go on and make the change.

Q. Can you honestly say, with due regard for your oath, that you did that purely as an economic engineering proposition? A. I can. That was purely as an economic proposition, and the Railroad company at the time had

nothing to do with having the examination made and the suggestions made to abandon it.

Q. At the time that that was done, was the result of the abandonment of the upper end of the canal anything more than to simply lengthen the rail haul in bringing coal to the canal? A. That is a fact, and that is all that it did, it lengthened the haul to the canal landings at Port Clinton for all coal coming down from the neighborhood of St. Clair, Pottsville and Schuylkill Haven off the Mine Hill road. But, at the same time, it made it much easier to receive coal at canal landings at Port Clinton by way of the Little Schuylkill Railroad, which had its terminus at Port Clinton. That part of it was easy.

Q. So that it made it easier to get the coal from the eastern end of the Schuylkill coal region? A. Yes, sir; at the eastern end.

Q. And added a trifle to the mileage of the railroad in the vicinity of Pottsville? A. It added a trifle to the mileage in the Pottsville district, but did not change the conditions, but, in fact, bettered the conditions for the eastern division.

Q. What is the capacity of the boats now operating on the canal? A. The capacity now is 165 tons.

Q. The canal is now operated, as I understand you, from Port Clinton to Philadelphia? A. It is.

Q. That distance is approximately how many miles? A. That distance by canal to river navigation is ninety miles.

Q. And that is three miles further than the Navigation Company itself was considering operating the canal in the late sixties? A. Yes, sir.

Q. They had already proposed to abandon it from a point three miles this side of its present terminus? Is that true? A. That is true.

Q. What is the state of maintenance of that canal at the present time; good or bad? A. It is still maintained in as good condition as it ever was. In fact, it is in better condition than it was years ago, because concrete struct-

ures have taken the place of wooden structures to a large extent, both in canal navigation structures and in the road and farm bridges that the canal is obliged to maintain.

Cross examination.

By Mr. Coudert:

Q. When you were first connected with the canal it was a very flourishing proposition, was it not, compared to its present day decadence? A. Yes; in comparison with the present it was.

Q. In 1869 it had over a million tons of freight, did it not? A. Not of freight, of anthracite coal.

Q. At the present time it has how much? A. It has in anthracite coal in the normal years about seventy to seventy-two thousand tons. And has no miscellaneous freight traffic.

Q. At the time you first became connected with the canal it was a competitor for anthracite with the railroad? A. Well, I would not put it in that way. It was not a competitor, it had its own normal trade and the railway had its own normal trade. The points to which coal was carried by canal at that time, and, in fact, at the present time, had no railroad connections, no railroad sidings, they were located on the water front both on the line of the river and in tidewater. So that we could scarcely call that competition. The railway traffic went by its own lines to its own siding connections, and the canal traffic went by water to the works and establishments that were located on the water front. It was a natural division of traffic.

Q. What serves those points now that you say were more exclusively served by the canal? How are they now served? A. As far as the water front is concerned, they are still served by water. There are fully one-half of the anthracite, yes, more than that, fully three-fourths of the anthracite tonnage by canal goes to manufacturing establishments that have railroad connections.

Q. And the other points you mentioned are now served by the railroad as far as they are served at all? You have mentioned a number of points which were served exclusively by the canal in the early days. I ask you now whether those points are served by railroad or not? A. They are, because those points now have direct railway connection, and prefer to have their coal by carload lots rather than by boat loads.

Q. I ask you whether you agree with the statement, "The Schuylkill canal runs parallel to it, and was long built before the railroad, being one of the earliest canals in America. The moment the railroad began to take the business the canal fell back, but the canal being a competitor had always the right to reduce the charges," and so forth. Is not that the fact? A. No, sir; that is not the fact.

Q. You do not agree with the president of your road at that time? A. I do not agree with it in exactly those terms.

Q. He stated that as a fact. Was it not a fact? You do not dissent from the fact, do you? A. Let me read it myself, or you read it again.

Q. "The Schuylkill Canal runs parallel to it, and was long built before the railroad, being one of the earliest canals in America. There was a time before the construction of the Reading Railroad when that property was selling for $260 a share for $50 paid. The moment the railroad began to take the business the canal fell back, but the canal being a competitor had always the right to reduce the charges, and upon the tonnage of the Reading Railroad to-day a reduction of ten per cent. per ton in carrying coal, which could be brought about by competition, would amount to $800,000 a year." Was that statement true or false? Your president made it. A. The part of it that I do not agree with, and think is wrongly stated, is where it says that the moment the railroad began to take the business. The railroad did not take the business. It left of its own accord because the public wanted it taken by railroad instead of by canal. I must admit that there are very few that understand that question

as I do, because they were not so intimately connected with it. It has always been wrongly stated in the newspapers. It has often been wrongly stated by public statistics, and in that statement it is not exactly the true condition; the railroad did not take it; it left of its own accord. And, neither the railroad nor the Navigation Company had any control over the wishes of the public as to which way they wanted the coal, whether by rail or canal. The public decided that question for itself.

Q. But, as a matter of fact, I take it that you do not dissent from the statement made here by the president of your road that the canal and the railroad were competitors? Is not that the fact? A. I never saw any signs of competition.

Q. So that in your view, despite the views as you say of the public, the newspapers and the president of your road, there was no competition? A. I did not consider it competition. It was the natural working out of the problem. The public did not want the water transportation. Just as I tell you, they will never want it in the State of New York.

Q. At the time that you were first connected with the canal its traffic in coal was something like a million of tons. That of the railroad was what? Do you remember? A. That I do not know. I have no recollection of those figures, although I have seen them.

Q. The tonnage carried by the railroad at that time was two or three millions of tons, therefore, the canal was carrying between a half and a third of that amount, was it not? A. Yes, sir; according to those figures.

Q. Do you know whether there was an agreement to give to the Schuylkill canal forty-five per cent. of all the coal tonnage between the months of March and December that came upon certain lines, which was to supply the Navigation Company, as well as the railroad company, and in default of their getting that, to pay them twenty-five cents a ton? A. Yes, sir; I know of that arrangement.

Q. You know about that arrangement, do you? A. Yes, sir; I knew of that arrangement.

Q. And still in view of that arrangement you insist that the railroad and the canal were not at least potential competitors? A. You may call it competition, but it did not work as competition. The public had its own way.

Q. That is to say, not what Mr. Smith would call competition? A. I would not call it competition.

Q. But everybody else would. A. But if everybody else called it competition, I would not believe it was competition. I would believe that there were other conditions that were at work.

Q. And yet you were aware of the fact that at the time there was an agreement between the railroad company and the canal company, by which they were to divide up the traffic in anthracite? A. Yes, sir; there was such an arrangement between the two companies.

Q How long did that arrangement last? A. I do not remember the year in which it went into effect, but my impression is, and my recollection is, that it went out of existence in 1870 at the time of the lease of the navigation works to the Reading.

Q. It ceased at that time? A. I think so.

Q. When did the great fall-off in the traffic of the canal begin? A. It began in the eighties I think—along about 1883 or 1884.

Q. Was there any particular change in the rates either of the canal or of the railroad at that time? A. No; I think there was no particular change in the rates.

Q. The conditions continued about the same, but the traffic did not go by the canal any longer? A. It commenced to fall off.

Q. Can you tell me about when it commenced seriously to fall off? A. I think it commenced about the year 1884.

Q. And has been falling off ever since? A. It has been failing off ever since.

Q. Was there any change in the rental provided in the

lease at any time, as far as you know? A. That I do not remember.

Q. You do not remember whether at any time the rental was reduced to a merely nominal sum? A. No, sir; I do not know that. That was not a matter that would come under my observation.

Q. Do you say that during one of the decades, I think you said between 1901 and 1910, there was a raise in the toll rates? A. Yes. That is the average rate of tolls for that decade ending with 1910 was 60.4 cents a ton, whereas in the decade preceding, ending in 1900 it was 50.6 cents, so that there was a raise of very nearly ten cents a ton.

Q. Who fixed those tolls? A. They were fixed by the Schuylkill Navigation Company.

Q. Who were the individuals who fixed that? Do you know? A. In 1901 I issued that toll sheet myself, and also the toll sheet in 1900.

Q. That is, you practically fixed the toll yourself? A. Yes, sir.

Q. You were in complete and entire charge? A. I was in charge of the maintenance and operation of the works, and it was my duty to issue the toll sheets.

Q. Whom did you consult about that? You did not do that wholly on your own responsibility I take it? A. It was a matter of how much the Navigation Company could get out of the tonnage tolls after providing for the boatman's freight and providing for the rate that must be paid to the Railroad Company for bringing the coal down from the mines to the shipping landing at Port Clinton.

Q. You figured that out yourself alone and fixed the rate without consultation? A. Not alone. I had the assistance of the canal collector, who was familiar with all those things, at Port Clinton, and also the help of the canal collector at Fairmount when that was necessary. It was a matter for the canal officials to fix those rates to get the most out of it possible.

Q. By whom were those rates ratified? A. At that time they were issued over my own signature and the signature

of the canal collector. They were not ratified at all, as I remember, by any other officials of the Company.

Q. How do the rates for taking coal from the mines by canal compare with the railroad rates? A. The rate by railroad has always been higher and it is still higher. It is cheaper by canal than it is by railroad.

Q. It has always been so, has it? A. It has always been so, but never as much of a difference as there is at the present time. The rates at the present time are, and for some years past have been about twenty-five cents less by canal than they are by rail.

Q. So that the disproportion between the railroad rates and the canal rates is greater now than it ever has been? A. It has been greater for the last three years than it ever was before, and yet that does not attract trade.

Q. Why not? A. Because the public do not seem to want it by water.

Q. You think they have an inherent prejudice against anything that comes by water? A. I do not know whether it is an inherent prejudice, but it is the ease and convenience and less costly mode of handling it after delivery by railroad. The railroad is the easiest delivery. The inconvenience and added expense is in lifting it out of the canal boat and putting it in the wagons or any other conveyance and taking it to its ultimate destination. That operates against canals.

Q. That in your opinion is the main factor? A. That has been in the past the main factor. There is another factor; the inclination of large manufacturing establishments to go to the use of bituminous coal instead of anthracite. The canal this year will lose over thirty-eight thousand tons of its tonnage because a large manufacturing establishment in the Twenty-first Ward has within ten days made up its mind to go to bituminous coal instead of anthracite. And that is going on all over the city and all over the east, the increased use of bituminous coal in power plants and for steam purposes rather than anthracite.

Q. And yet the anthracite carried by the railroad has not fallen off? A. It will fall off to that extent, the anthracite.

Q. The figures show that it has not as yet, but that it has increased? A. That is because the eastern part of the country is increasing in population, and that keeps up the figure. It is still lost.

Q. Your theory is that while the greater use of bituminous coal would affect canal traffic it would not affect railroad traffic? A. Yes, sir; it does affect railroad traffic. It affects railroad traffic in Kensington, for instance, where there is no canal communication, nothing but railroad and in the turn from anthracite to bituminous coal it certainly affects the railroad that carries the anthracite.

Q. That is the only other explanation you have for the falling off of canal traffic, other than the difficulty of taking the coal out of the canal boat? A. That seems to be the main factor. The turning to bituminous coal is of very recent date. The other factor, the handling of the boat and loading, is matter of many years past.

Q. That has always been so? A. Yes, sir.

Q. That was so in the sixties and seventies? A. Yes, sir. It has always been so.

Q. So that it was always an important factor in the game? A. It is not guess work on my part.

Q. You are an expert, are you not? A. No. That is a fact. I tried it with the Baldwin Locomotive Works, and they would not take it by canal, and went back to the railroad.

Q. You refer to the fact that the difficulties of unloading the canal boat were always a constant factor, do you not? A. I do.

Q. And that has always been so? A. A constant hindrance to transportation by water.

Q. It has always been a hindrance to transportation by water? A. Yes, sir.

Q. That is the main difficulty? A. Yes, sir.

Q. It was the thing which was always present and checkered your engineering career? A. Yes, sir.

Q. And that difficulty existed in the sixties and seven-

ties? A. There were not so many railroad sidings in the sixties and seventies.

Q. But that difficulty existed with the canal transportation at that time? A. Yes, sir; it did not fill the bill.

Q. Do you know whether the Reading system ever made any efforts to dispose of the Schuylkill Canal? A. I do not know positively, but I have never heard that they did. I never had any intimation that they did.

Q. Their investment in the Schuylkill canal has never financially been a profitable one, has it? A. No; I should say not.

Q. It bid fair to be at the time they took it over? It was a flourishing property? A. I can't say that it was altogether so.

Q. If I remember your testimony in your direct examination, in answer to my friend, Mr. Reynolds, you said that in 1870 the traffic had been over a million tons—a million and ten thousand tons? A. Yes, sir; over a million tons.

Q. Was not that about the high water mark that you reached in tonnage? A. Well, I suppose I can only answer that question by admitting that even at that date in 1870, I foresaw ——

Q. Please answer the question. A. I think it was not the high water mark in tonnage. I think there were a few years, not often, that it exceeded that. But, the tonnage had been as high as a million three hundred and sixty odd thousand tons somewhere back in the sixties, I don't know the year, but it had been up to over a million three hundred and fifty thousand tons.

Q. Would you have considered 1871 one of the big years? A. I would consider that a big year for the canal, 1870, and 1871 was still larger, I believe.

Q. That was still larger? A. I think that was still larger than 1870.

Q. That was a year or more after the lease? A. Yes, sir.

Q. Do you remember how the tonnage held up for

four or five years after? A. It held up pretty well, until about 1883 or 1884, if I recollect rightly when it commenced to decline and kept on declining.

Q. Is that about the time you began to discontinue the upper portion of the canal? A. Yes, sir; it was about that time.

Q. It was about synchronous with that event, was it not? A. It had nothing to do with the event. It may have been synchronous in time, but there was no possible connection between the two except to try to save money in operating.

Q. But that was the coincident fact, was it not? A. It happened afterwards to be the coincident fact.

Q. In those great banner years you speak of, when you ran up to a million, and how many —— A. About a million three hundred and fifty thousand tons, if I recollect rightly.

Q. The canal was open all the way from Philadelphia to where at that time when it had a large tonnage? A. It was open at that time to Port Carbon.

Q. Is that as far as it ever got? A. That was as far as it ever got. That was the end of navigation.

Q. So that the years of maximum tonnage were also the years of maximum length? That is the fact, is it not? A. That is the fact, and, for this very good reason, that it was in the period just subsequent to the Civil War, when everything was active.

Q. That was the naked fact untinctured by inference? A. Yes, sir.

Q. That when the canal was long it was prosperous and when it was short it was not? Is not that the fact? A. No, sir; it is not the fact, because it is a qualified fact.

Q. But it is a fact? A. It would have had the same tonnage if its shipping landings had been at Port Clinton and the docks there to handle it. It would not have made any difference.

Q. Have you at any time since the canal was truncated at Port Clinton had anything like 1,300,000 tons? A. No.

Q. What is the maximum tonnage you have had on the canal since it was so emasculated? A. I must ask you to correct the figure of 1867 for the maximum tonnage. It was not the year 1867. The greatest tonnage of anthracite coal was in the year 1859, when it was 1,372,000 tons.

Q. Before the Civil War? A. Yes, sir; 1859.

Q. What was the next largest year? A. And the canal at the same time had a miscellaneous freight tonnage of 363,000 tons.

Q. What was the next largest anthracite year? A. I have not got those figures, but the canal kept up this large tonnage into the period of the Civil War, in 1861 to 1864, there was a large tonnage, and immediately after that when there was an expanse in business throughout the country, it had a large tonnage, up to say 1869.

Q. You kept records of all that tonnage, and you could furnish me with the anthracite tonnage of each year, could you not? A. Yes, sir; I could.

Q. Perhaps you could tell me in a general way what was the largest tonnage you have had on the canal since the terminus became Port Clinton? A. No; I could not from memory.

Q. It was very far from a million tons, was it not? A. If my memory serves me rightly, it was not up to a million tons. I do not recall the figures.

Q. That is a fact you can give me? A. Yes, sir.

Q. During the time that you were in charge of the canal, the toll rates were fixed by you? A. Yes, sir. They were in later years fixed from being governed by rates for preceding years, and by any changes that might have taken place, and just at that time the rates were changed. There were no great changes from one year to another.

Q. What did you figure your profit, what percentage, or how did you figure it? A. We never figured on any profit. It was run at a loss. We did the best we could and got as much as possible out of it.

Q. In what year did the canal first show a loss? A. I think about the year 1866 or 1867.

Q. Did it show a loss in 1870 and 1871, when you had that large tonnage of over a million tons? A. Yes, sir; it showed a loss.

Q. So that when the railroad took it over it was not a paying proposition in your judgment? A. No; it was not. It had been subject to the misfortunes that I stated in my direct examination.

Q. So that the purchase was not, to your judgment at that time, a good investment? A. The heavy floods had caused such destruction of the work and suspension of mining for weeks at a time, and the continual action of the city of Philadelphia in drawing down the water of Fairmount pool, all such things that hindered navigation——

Q. And made it a poor investment? A. Yes, sir.

(At 1.15 a recess of one hour was taken.)

Re-direct examination.

By Mr. Reynolds:

Q. In going over the various privately owned canals about which I asked you, I observe that most of them were abandoned about thirty years ago? Is that correct? A. Yes, sir. As nearly as I can recollect it is twenty-five or thirty years ago.

Q. Practically all of them were abandoned about that time? A. Yes, sir; nearly so.

Q. Has the Schuylkill canal always been, and is it now dependent upon other transportation via land routes, either wagons or cars, to bring coal to the canal? A. Yes, sir; it always has been so dependent.

Q. In comparing the railroad transportation service with the canal transportation service, you mentioned the fact that there had been a great deal of siding developments, construction of sidings into manufactories on the part of

the railroads since the seventies. Has the size of the railroad car been increased since that same period? A. Yes, sir; very much so.

Q. What was the size of the railroad car in service in 1870? How many tons? A. I cannot give you the comparison for the year 1870, but going back to long before that, the Reading Railway cars were five tons. That was the old style cars. The Schuylkill Navigation coal cars, of which they owned 3500, were four tons and a half, small cars.

Q. Four or five ton cars, in those days? A. Yes, sir; that was the car of those days.

Q. Is the hopper bottom car a development of the railroad since 1870? A. No; I think not, because the old style cars, as I knew them in both the canal and the railroad coal trade back in the sixties were hopper bottom cars, small four and a half ton cars were hopper bottom. They dropped their loads.

Q. Has there been any improvement in the methods of railroad transportation since 1870? A. Yes, sir; very great improvement.

Q. Has there been any such improvement in the transportation by canal since that period, generally speaking? A. Not generally speaking, only a difference in the build of the boats. That is about all.

Re-cross examination.

By Mr. Coudert:

Q. You are speaking of transportation of coal or transportation generally, when you say there has not been any improvement? A. Do you mean by railroad?

Q. Yes. A. I mean improvement generally both in the size and build of cars, and in the size and build of locomotives, and in the increase in the width of rail, and improvement of the track.

Q. Has there been any improvement in canal boats? Are they any larger or better? A. They are not any larger

now than they were in 1862. They are not any larger in fact than they were after what is known as the improvement of the Schuylkill Navigation, in 1846. That is the time when the canal boat was enlarged.

Q. There have not been any improvements in canal boats from that time until now? A. Not from that time until now. The last improvement to the canal works was in 1846. There has been no change since.

Q. Even under that static condition of canal navigation, canal rates are lower than the railroad rates? A. Yes, sir; they are lower than the railroad rates. Yet that does not attract the trade.

WILLIAM H. WHITE, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. You are the controller of the Philadelphia and Reading Railway Company? A. Yes, sir.

Q. Have you any connection whatever with the Philadelphia and Reading Coal and Iron Company? A. Nothing whatever.

Q. Have you at my request prepared a statement showing for the years since the Philadelphia and Reading Railway Company was organized the investment in property devoted to public use and the percentage of net operating income to that property investment? A. Yes, I have.

Q. Is that the statement? (Statement shown witness.) A. This is the statement I got up; yes, sir.

Q. When was the present classification of operating expenses promulgated by the Interstate Commerce Commission? A. July 1st, 1907.

Q. As to the statistics appearing on this exhibit subsequent to 1907 are the figures in accordance with the figures brought out by following those regulations and practices of accounting? A. Yes, sir.

Q. Prior to 1907 did you go to your books and recast the statements in accordance with those same rules? A. Yes, sir.

READING COMPANY

(INCLUDING LEASED LINES).

STATEMENT SHOWING, FOR THE YEARS INDICATED BELOW, THE INVESTMENT IN PROPERTY DEVOTED TO PUBLIC USE, AND THE PERCENTAGE OF NET OPERATING INCOM

	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	
MILEAGE:												
Owned—Miles of First Main Track	1,253.70	1,335.92	1,459.23	1,404.67	1,457.85	1,470.82	1,490.00	1,491.43	1,484.06	1,470.50	1,480.04	
Owned—Miles of All Main Tracks	1,701.50	1,783.70	1,905.12	1,879.30	1,934.15	1,973.85	2,000.58	2,018.27	2,039.80	2,093.35	2,149.53	
Owned—Miles of All Tracks	2,637.03	2,741.17	2,895.93	2,868.40	3,004.14	3,073.64	3,134.51	3,156.64	3,196.55	3,317.78	3,392.15	
Operated—Miles of First Main Track	1,253.70	1,335.92	1,459.23	1,404.67	1,457.85	1,470.82	1,490.00	1,491.43	1,484.06	1,470.50	1,480.04	
Operated—Miles of All Main Tracks	1,701.50	1,783.70	1,905.12	1,879.30	1,934.15	1,973.85	2,000.58	2,018.27	2,039.80	2,093.35	2,149.53	
Operated—Miles of All Tracks	2,637.03	2,741.17	2,895.93	2,868.40	3,004.14	3,073.64	3,134.51	3,156.64	3,196.55	3,317.78	3,392.15	
COST OF ROAD AND EQUIPMENT:												
Cost of Road	$169,618,494.00	$174,058,978.00	$177,541,119.00	$179,758,795.00	$183,122,219.00	$186,181,485.00	$188,174,183.00	$190,936,136.00	$191,944,327.00	$197,766,332.00	$201,605,887.00	$
Cost of Equipment	19,186,111.00	19,210,678.00	20,872,021.00	24,444,779.00	27,653,444.00	31,825,963.00	35,022,107.00	35,256,530.00	35,018,149.00	40,796,234.00	41,959,184.00	
Additions Included in Operating Expenses												
Additions Appropriated from Income Account												
Additions Included as Rental Paid												
Additions Appropriated from Profit and Loss												
TOTAL COST OF ROAD AND EQUIPMENT	$188,804,605.00	$193,269,656.00	$198,413,140.00	$204,203,574.00	$210,775,663.00	$218,007,448.00	$223,196,290.00	$226,192,666.00	$226,962,476.00	$238,562,566.00	$243,565,071.00	$
WORKING CAPITAL:												
Cash on Hand	$535,510.00	$1,159,573.00	$1,273,048.00	$1,245,428.00	$1,539,883.00	$2,394,398.00	$2,054,903.00	$3,316,170.00	$6,121,364.00	$3,499,077.00	$2,087,442.00	
Materials and Supplies	1,157,408.00	1,146,042.00	1,429,277.00	2,278,265.00	2,289,033.00	1,979,960.00	2,555,421.00	2,611,937.00	2,306,886.00	3,675,739.00	3,152,270.00	
TOTAL PROPERTY DEVOTED TO PUBLIC USE	$190,497,523.00	$195,575,271.00	$201,115,465.00	$207,727,267.00	$214,604,579.00	$222,381,806.00	$227,806,614.00	$232,120,773.00	$235,390,726.00	$245,737,382.00	$248,804,783.00	$
COST OF ROAD:												
Per Mile Owned—First Main Track	$135,294.00	$130,291.00	$121,668.00	$127,972.00	$125,611.00	$126,583.00	$126,291.00	$128,022.00	$129,337.00	$134,489.00	$136,217.00	
Per Mile Owned—All Main Tracks	99,686.00	97,583.00	93,192.00	95,652.00	94,678.00	94,324.00	94,060.00	94,604.00	94,100.00	94,474.00	93,791.00	
Per Mile Owned—All Tracks	64,322.00	63,498.00	61,307.00	62,669.00	60,957.00	60,573.00	60,033.00	60,487.00	60,047.00	59,608.00	59,433.00	
COST OF ROAD AND EQUIPMENT:												
Per Mile Owned—First Main Track	$150,598.00	$144,672.00	$135,971.00	$145,375.00	$144,580.00	$148,222.00	$149,796.00	$151,662.00	$152,933.00	$162,232.00	$164,567.00	
Per Mile Owned—All Main Tracks	110,964.00	108,353.00	104,147.00	108,659.00	108,976.00	110,448.00	111,566.00	112,073.00	111,267.00	113,962.00	113,311.00	
Per Mile Owned—All Tracks	71,597.00	70,506.00	68,514.00	71,191.00	70,162.00	70,928.00	71,206.00	71,656.00	71,002.00	71,904.00	71,803.00	
INCOME ACCOUNT:												
Operating Revenue, As Adjusted	$22,781,260.00	$24,725,990.00	$25,990,670.00	$30,270,136.00	$31,868,979.00	$32,649,538.00	$37,350,619.00	$40,513,614.00	$43,263,585.00	$46,427,260.00	$50,073,852.00	$
Operating Expenses, As Adjusted	13,621,031.00	13,562,746.00	15,384,330.00	18,092,720.00	19,947,485.00	19,854,016.00	23,547,228.00	24,222,927.00	24,937,605.00	26,236,961.00	30,978,065.00	
NET OPERATING REVENUE, AS ADJUSTED	$9,160,229.00	$11,163,244.00	$10,606,340.00	$12,177,416.00	$11,921,494.00	$12,795,522.00	$13,803,391.00	$16,290,687.00	$18,325,980.00	$20,190,299.00	$19,095,787.00	$
Tax Accruals	724,588.00	654,953.00	678,274.00	620,004.00	634,927.00	653,448.00	651,835.00	703,470.00	698,307.00	789,156.00	1,023,645.00	
OPERATING INCOME, AS ADJUSTED	$8,435,641.00	$10,508,291.00	$9,928,066.00	$11,557,412.00	$11,286,567.00	$12,142,074.00	$13,151.556.00	$15,587,217.00	$17,627,673.00	$19,401,143.00	$18,072,142.00	$
OTHER INCOME RELATING TO OPERATION:												
Hire of Equipment—Cr. Balance	Dr. $165,751.00	Dr. $187,336.00	Dr. $277,745.00	Dr. $237,299.00	Dr. $168,037.00	Dr. $123,091.00	$74,409.00	$167,024.00	$40,947.00	Dr. $213,159.00	Dr. $128,060.00	
Joint Facilities—Cr												
Miscellaneous Rents—Cr	197,853.00	212,045.00	213,323.00	326,990.00	348,971.00	222,905.00	10,960.00	9,296.00	11,296.00	12,052.00	12,263.00	
TOTAL OTHER INCOME	$32,102.00	$24,709.00	Dr. $64,422.00	$89,691.00	$180,934.00	$99,814.00	$85,369.00	$176,320.00	$52,243.00	Dr. $201,107.00	Dr. $115,797.00	
TOTAL INCOME, AS ADJUSTED	$8,467,743.00	$10,533,000.00	$9,863,644.00	$11,647,103.00	$11,467,501.00	$12,241,888.00	$13,236,925.00	$15,763,537.00	$17,679,916.00	$19,200,036.00	$17,956,345.00	$
DEDUCTIONS FROM INCOME RELATING TO OPERATION:												
Hire of Equipment—Dr. Balance												
Joint Facilities—Dr												
Miscellaneous Rents—Dr	$39,695.00	$47,902.00	$40,914.00	$70,154.00	$80,392.00	$52,583.00	$60,244.00	$62,659.00	$68,473.00	$137,694.00	$129,842.00	
TOTAL DEDUCTIONS	$39,695.00	$47,902.00	$40,914.00	$70,154.00	$80,392.00	$52,583.00	$60,244.00	$62,659.00	$68,473.00	$137,694.00	$129,842.00	
NET OPERATING INCOME, AS ADJUSTED	$8,428,048.00	$10,485,098 00	$9,822,730.00	$11,576,949.00	$11,387,109.00	$12,189,305.00	$13,176,681.00	$15,700,878.00	$17,611,443.00	$19,062,342.00	$17,826,503.00	$
PER CENT. ON ROAD AND EQUIPMENT	4.46	5.42	4.95	5.67	5.40	5.59	5.90	6.94	7.76	7.99	7.32	
NET OPERATING INCOME, INCLUDING INCOME RELATING TO WORKING CAPITAL	$8,438,758.00	$10,508,289.00	$9,848,191.00	$11,601,858.00	$11,417,907.00	$12,237,193.00	$13,217,706.00	$15,768,101.00	$17,745,807.00	$19,120,204.00	$17,864,672.00	$
PER CENT. ON TOTAL PROPERTY DEVOTED TO PUBLIC USE	4.43	5.37	4.90	5.59	5.32	5.50	5.80	6.79	7.54	7.78	7.18	

E PERCENTAGE OF NET OPERATING INCOME TO SUCH PROPERTY INVESTMENT.

	1905	1906	1907	1908	1909	1910	1911	1912	1913
3	1,484.06	1,470.50	1,480.04	1,483.11	1,469.90	1,473.85	1,473.59	1,474.51	1,476.18
7	2,039.80	2,093.35	2,149.53	2,168.19	2,152.34	2,170.85	2,179.75	2,189.45	2,193.99
4	3,196.55	3,317.78	3,392.15	3,435.60	3,428.59	3,458.21	3,433.93	3,558.49	3,552.68
3	1,484.06	1,470.50	1,480.04	1,483.11	1,469.90	1,473.85	1,473.59	1,474.51	1,476.18
7	2,039.80	2,093.35	2,149.53	2,168.19	2,152.34	2,170.85	2,179.75	2,189.45	2,193.99
4	3,196.55	3,317.78	3,392.15	3,435.60	3,428.59	3,458.21	3,433.93	3,558.49	3,552.68
0	$191,944,327.00	$197,766,332.00	$201,605,887.00	$202,884,380.00	$204,799,493.00	$207,523,275.00	$211,791,443.00	$214,927,591.00	$217,892,098.00
0	35,018,149.00	40,796,234.00	41,959,184.00	47,777,541.00	46,289,055.00	46,291,604.00	49,241,031.00	48,132,186.00	52,387,731.00
	.....	.....	.....	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	.....	.....	.....	.....	.....
0	$226,962,476.00	$238,562,566.00	$243,565,071.00	$250,661,921.00	$251,088,548.00	$253,814,879.00	$261,032,474.00	$263,059,777.00	$270,279,829.00
0	$6,121,364.00	$3,499,077.00	$2,087,442.00	$3,258,029.00	$3,829,492.00	$5,621,935.00	$4,196,883.00	$4,305,877.00	$5,929,264.00
0	2,306,886.00	3,675,739.00	3,152,270.00	3,016,557.00	2,456,364.00	3,509,455.00	3,101,763.00	2,944,954.00	4,133,106.00
0	$235,390,726.00	$245,737,382.00	$248,804,783.00	$256,936,507.00	$257,374,404.00	$262,946,269.00	$268,331,120.00	$270,310,608.00	$280,342,199.00
0	$129,337.00	$134,489.00	$136,217.00	$136,797.00	$139,329.00	$140,804.00	$143,725.00	$145,762.00	$147,605.00
0	94,100.00	94,474.00	93,791.00	93,573.00	95,152.00	95,595.00	97,163.00	98,165.00	99,313.00
0	60,047.00	59,608.00	59,433.00	59,054.00	59,733.00	60,009.00	61,676.00	60,399.00	61,332.00
0	$152,933.00	$162,232.00	$164,567.00	$169,011.00	$170,820.00	$172,212.00	$177,141.00	$178,405.00	$183,094.00
1	111,267.00	113,962.00	113,311.00	115,609.00	116,658.00	116,920.00	119,753.00	120,149.00	123,191.00
3	71,002.00	71,904.00	71,803.00	72,960.00	73,234.00	73,395.00	76,016.00	73,925.00	76,098.00
1	$43,263,585.00	$46,427,260.00	$50,073,852.00	$47,725,975.00	$45,585,059.00	$51,344,792.00	$51,979,464.00	$52,169,661.00	$59,204,368.00
1	24,937,605.00	26,236,961.00	30,978,065.00	29,868,714.00	28,003,542.00	31,202,795.00	32,745,450.00	33,656,612.00	36,276,824.00
3	$18,325,980.00	$20,190,299.00	$19,095,787.00	$17,857,261.00	$17,581,517.00	$20,141,997.00	$19,234,014.00	$18,513,049.00	$22,927,544.00
1	698,307.00	789,156.00	1,023,645.00	910,738.00	957,792.00	1,144,269.00	1,283,821.00	1,192,306.00	1,576,029.00
1	$17,627,673.00	$19,401,143.00	$18,072,142.00	$16,946,523.00	$16,623,725.00	$18,997,728.00	$17,950,193.00	$17,320,743.00	$21,351,515.00
1	$40,947.00	Dr. $213,159.00	Dr. $128,060.00	$396,802.00	Dr. $76,130.00	$55,125.00	$149,310.00	Dr. $81,508.00	Dr. $39,379.00
	.....	.....	.....	80,964.00	121,575.00	135,109.00	152,559.00	146,984.00	161,331.00
1	11,296.00	12,052.00	12,263.00	8,151.00	108,990.00	93,567.00	131,780.00	115,018.00	127,278.00
1	$52,243.00	Dr. $201,107.00	Dr. $115,797.00	$485,917.00	$154,435.00	$283,801.00	$433,649.00	$210,491.00	$249,230.00
1	$17,679,916.00	$19,200,036.00	$17,956,345.00	$17,432,440.00	$16,778,160.00	$19,281,529.00	$18 3,842.00	$17,531,237.00	$21,600,745.00
	.....	.....	.....	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	.....	.....	.....	.....	.....
0	$68,473.00	$137,694.00	$129,842.00	$49,072.00	$49,212.00	$49,762.00	$49,620.00	$176,530.00	$208,959.00
				90,680.00	98,364.00	102,113.00	117,828.00	131,860.00	124,318.00
0	$68,473.00	$137,694.00	$129,842.00	$139,752.00	$147,576.00	$151,875.00	$167,448.00	$308,390.00	$333,277.00
0	$17,611,443.00	$19,062,342.00	$17,826,503.00	$17,292,688.00	$16,630,584.00	$19,129,654.00	$18,216,394.00	$17,222,847.00	$21,267,468.00
4	7.76	7.99	7.32	6.89	6.62	7.54	6.98	6.55	7.87
0	$17,745,807.00	$19,120,204.00	$17,864,672.00	$17,340,649.00	$16,691,362.00	$19,216,977.00	$18,281,945.00	$17,290,440.00	$21,336,219.00
9	7.54	7.78	7.18	6.75	6.48	7.31	6.81	6.40	7.61

Q. So that for the entire period from 1907 to 1913 inclusive, the different figures stated here as reflected by your books are stated in accordance with the classification of the Interstate Commerce Commission made in 1907? A. Yes, sir.

Q. Looking at item "Cost of Road and Equipment," as prepared, does that show the book cost of the property devoted to public use as reflected by the books of the various constituent companies? A. Yes, sir.

Q. Does this statement cover the Philadelphia and Reading Railway? A. Yes, sir.

Q. That is included in it? A. Yes, sir; that is included in it.

Q. And all the leased lines? A. The leased roads.

Q. All the roads which are controlled and go to make up the Reading system? A. Yes, sir.

Q. And the equipment owned by the Reading Company is also included in the statement? A. Yes, sir. And any equipment owned by the other roads, too.

Q. In the expenses have you charged anything for the rental of that equipment? A. No, sir.

Q. Going down to the net income, does that show the income from transportation service, that is, the net income earned by the property referred to as being worth the total sum of $280,342,199? A. Yes, sir.

Q. Going to the item of "working capital," how did you determine the cash on hand item? A. The cash on hand up to June 30th, 1902, we took the balance June 30th. Subsequent to that we took the balances monthly, and we took one-twelfth of that as average daily balances for the year.

Statement offered in evidence as follows:—

Cross examination.

By Mr. Kingsbury:

Q. Is this statement which has just been put in evidence one that you prepared or caused to be prepared under your direction for use by the Interstate Commerce Commission? A. Docket, 4914?

Q. I do not know the number of the docket, but in some proceeding had before the Interstate Commerce Commission. A. Yes, sir.

Q. This is the same statement? A. Yes, sir.

Q. That is now before the Interstate Commerce Commission? A. Yes, sir.

Government's counsel reserve the right to have the witness recalled for further cross examination on this statement after the Interstate Commerce Commission has passed on these matters, provided they do so while the proceedings in this suit are still pending.

Q. Did you in 1913, prepare a statement of freight charges on anthracite coal shipped, the date of payment of the same by the Philadelphia and Reading Coal and Iron Company to the Reading Railway Company, also for an answer to a question by the Interstate Commerce Commission? A. Yes, sir; that is from 1909, I think that statement was.

Q. From August, 1909, to November, 1912? A. Yes, sir.

Q. Is this a copy of it? (Statement shown witness.) A. It looks very much like it; yes, sir.

Mr. Kingsbury:—Subject to correction. I offer this statement in evidence.

(Defendant's counsel object to the statement going in as part of the cross examination. Defendant's counsel have no objection to Government's counsel putting the statement in as its own evidence.)

Mr. Kingsbury:—Mr. Auch, a former witness called by the defendant, when he was asked, "Is it not a fact that you have extended credit to the Philadelphia and Reading Coal and Iron Company for millions of dollars,

extending over long periods of time?" answered, "I do not know as to the amount or the exact period. Q. You have no data as to that? A. No, sir. That would be an accounting matter."

The statement is as follows:—

FREIGHT CHARGES ON ANTHRACITE COAL SHIPPED, AND DATE OF PAYMENT OF SAME.

PHILADELPHIA & READING COAL & IRON COMPANY.

	Date.	Total Charge.	Date Paid.		
			$100,000.00	October	27, 1909
			100,000.00	October	28
			100,000.00	October	30
1909	August.....	$469,816.45	169,816.45	November	1
			100,000.00	November	8
			100,000.00	November	16
			150,000.00	November	17
	September..	527,433.41	177,433.41	November	18
			100,000.00	November	29
			100,000.00	December	16
			100,000.00	December	20
			100,000.00	December	21
			100,000.00	December	22
			100,000.00	December	23
	October.....	729,855.70	129,855.70	December	24
			100,000.00	December	31
			100,000.00	January	3, 1910
			100,000.00	January	13
			100,000.00	January	14
			100,000.00	January	22
			100,000.00	January	24
			100,000.00	January	25
	November..	853,858.83	153,858.83	January	26
			100,000.00	January	27
			100,000.00	January	28
			100,000.00	February	1
			100,000.00	February	2
			100,000.00	February	3
	December...	746,864.35	246,864.35	February	4
			100,000.00	February	9
			100,000.00	February	11
			100,000.00	February	18
			100,000.00	February	21
1910	January....	689,430.16	289,430.16	February	25
		$4,017,258.90			

Date.	Total Charge.	Date Paid.		
Brought forward...	$4,017,258.90			
		$100,000.00	February	23, 1910
		100,000.00	February	24
		100,000.00	February	26
		100,000.00	March	2
1910 February...	651,817.62	251,817.62	March	24
		100,000.00	March	28
		100,000.00	April	4
		100,000.00	April	6
		100,000.00	April	13
March.....	465,354.88	65,354.88	April	26
		100,000.00	May	5
		100,000.00	May	9
		100,000.00	May	11
		100,000.00	May	14
		100,000.00	May	18
April.....	838,404.03	338,404.03	May	25
		100,000.00	June	3
		100,000.00	June	17
		100,000.00	June	22
		100,000.00	June	24
		100,000.00	June	30
		100,000.00	July	14
May.....	761,226.43	161,226.43	July	15
		100,000.00	August	2
June.....	573,581.60	473,581.60	September	12
July.....	371,094.39		September	30
August.....	440,904.23		October	29
		100,000.00	November	16
		100,000.00	November	17
		100,000.00	November	18
		100,000.00	November	23
September..	607,354.10	207,354.10	November	29
		100,000.00	December	15
		200,000.00	December	16
		100,000.00	December	23
October.....	659,421.32	259,421.32	December	24
		200,000.00	January	18, 1911
		100,000.00	January	19
		100,000.00	January	20
		100,000.00	January	23
		100,000.00	January	24
November..	800,362.97	200,362.97	January	25
	$10,186,779.57			

Date.		Total Charge.	Date Paid.		
Brought forward..		$10,186,779.57			
			$100,000.00	February	9, 1911
			100,000.00	February	11
			100,000.00	February	15
			100,000.00	February	16
			100,000.00	February	17
1910	December...	794,456.42	294,456.42	February	18
			100,000.00	March	1
			100,000.00	March	13
			100,000.00	March	14
			100,000.00	March	15
			100,000.00	March	20
			100,000.00	March	22
1911	January....	719,217.24	119,217.24	March	23
			100,000.00	April	5
			100,000.00	April	11
			100,000.00	April	13
	February...	527,092.70	227,092.70	April	18
			100,000.00	May	9
			100,000.00	May	10
			100,000.00	May	11
			100,000.00	May	18
	March.....	699,800.90	299,800.90	May	19
			100,000.00	May	24
			100,000.00	May	25
			100,000.00	May	27
			100,000.00	May	31
			100,000.00	June	1
	April.....	695,423.32	195,423.32	June	2
			100,000.00	June	29
			100,000.00	July	6
	May.....	749,544.55	549,544.55	July	20
	June.....	802,006.24		August	24
	July.....	562,662.49		September	23
			100,000.00	October	23
			100,000.00	October	25
			100,000.00	October	26
	August.....	482,503.86	182,503.86	October	30
			100,000.00	November	17
			100,000.00	November	18
			100,000.00	November	21
			100,000.00	November	22
			100,000.00	November	23
	September..	660,514.50	160,514.50	November	27
		$16,780,001.79			

	Date.	Total Charge.	Date Paid.		
Brought forward..		$16,780,001.79			
			$100,000.00	December	4, 1911
			100,000.00	December	13
			100,000.00	December	15
			100,000.00	December	18
			100,000.00	December	21
1911	October.....	759,049.65	295,049.65	December	22
			100,000.00	January	8, 1912
			100,000.00	January	9
			100,000.00	January	10
			100,000.00	January	13
			100,000.00	January	16
			100,000.00	January	18
	November..	807,552.07	207,552.07	January	19
			100,000.00	February	1
			100,000.00	February	2
			100,000.00	February	3
			100,000.00	February	8
			100,000.00	February	14
			100,000.00	February	16
	December...	773,158.67	773,158.67	February	17
			100,000.00	March	3
			100,000.00	March	6
			100,000.00	March	7
			100,000.00	March	11
1912	January....	710,835.69	310,835.69	March	13
			100,000.00	March	25
			100,000.00	March	26
			100,000.00	March	27
			100,000.00	March	28
			100,000.00	March	29
	February...	712,647.12	212,647.12	March	30
			200,000.00	April	19
			200,000.00	April	22
			150,000.00	April	23
	March.....	881,873.68	331,873.68	April	24
	April.....	1,040.93	.....	May	27
	May.....	166,463.46	.....	June	29
			200,000.00	August	1
			200,000.00	August	5
	June.....	775,544.51	375,544.51	August	7
			100,000.00	September	16
			100,000.00	September	17
			100,000.00	September	18
			100,000.00	September	19
			100,000.00	September	20
			100,000.00	September	21
	July.....	808,107.12	208,107.12	September	24
		$23,176,274.69			

Date.		Total Charge.	Date Paid.		
Brought forward..		$23,176,274.69			
			$100,000.00	October	15, 1912
			100,000.00	October	16
			100,000.00	October	17
			100,000.00	October	18
			100,000.00	October	19
			100,000.00	October	21
1912	August.. ..	855,900.26	255,900.26	October	22
			100,000.00	November	18
			100,000.00	November	19
			100,000.00	November	20
			100,000.00	November	21
			100,000.00	November	22
			100,000.00	November	23
			100,000.00	November	25
	September..	863,986.86	163,986.86	November	26
			100,000.00	December	16
			100,000.00	December	17
			100,000.00	December	18
			100,000.00	December	19
			100,000.00	December	20
			100,000.00	December	21
			100,000.00	December	23
	October.. ..	1,021,944.71	321,944.71	December	24
			200,000.00	January	20, 1913
			200,000.00	January	21
			150,000.00	January	22
	November..	862,483.68	312,483.68	January	23
		$26,916,591.10			

State of Pennsylvania }
County of Philadelphia. } *ss.*

I, W. H. White being duly sworn, do testify that I am Comptroller of the Philadelphia and Reading Railway Company and that the above statement of answers to Question Thirty-five (35) was prepared by me, or under my supervision and is correct, to the best of my knowledge and belief.

W. H. WHITE.

Sworn and subscribed before me this 26th day of February 1913.

C. K. Kluk,
Notary Public.

[SEAL]

Q. This is a matter that comes within your official knowledge as controller of the Reading Railway Company? A. Yes, sir.

Q. Can you tell me whether there is any other shipper of anthracite coal, or of other commodities, on the Reading Railway to whom the Railway extends credit to the same extent that is extended to the Reading Coal and Iron Company? A. I cannot just recall anybody just now.

Q. Do you know of any other shipper to whom credit in a very large amount or for a considerable period of time is extended? A. I cannot tell just now.

Q. Do you think there is any? A. We have Worth Brothers at Coatesville, who have probably sixty to ninety days on their bills.

Q. What is the largest amount of credit that was ever given to them? A. Monthly, or the balance?

Q. I want the balances. A. About $100,000.

Q. Is it your custom to require bonds from shippers to whom credit is extended? A. Yes, sir.

Q. Is it an almost universal custom with you? A. It is the general custom.

Q. Have you a regular printed form of such bond? A. We have a regular printed form.

Q. Do you require any such bonds of the Philadelphia and Reading Coal and Iron Company? A. No.

Q. Is that the only big shipper to whom you extend credit and from whom you do not require a bond? A. No; there are two or three others, Whitney & Kemmerer, and one or two others, I cannot recall their names now.

Q. Is the amount of credit extended to them anything like the amount of the balance against the Reading Coal and Iron Company? A. No, sir.

Q. Very much smaller, is it not? A. The Coal and Iron Company?

Q. No, these other shippers? A. Not as large, no.

Q. Nothing like as large as the Coal Company? A. No.

Q. Can you give me an idea of what is the largest credit extended to them? A. It is not large. $20,000 a week would cover them.

Q. How does it happen that they do not give a bond?

A. I do not know why that is the case. It has been carried that way for long before I was there.

Q. Who determines whether or not a given shipper shall give a bond? A. That is up to me—it should be up to me. We require a bond as a general thing.

Q. You found these particular shippers not giving bonds and you required no bonds from them? A. Yes, sir.

Q. Have you had any special instructions from any other officer of the Company in regard to not requiring a bond of the Reading Coal and Iron Company? A. I have not; no, sir.

Q. You have done that entirely on your own responsibility? A. That condition existed when I took the office and it has never been changed.

Q. Did you ask any questions on the subject from any one? A. No, sir; I did not raise any question.

Q. You just let the course of business run along as it had run along? A. As it had been before.

Q. Have there been any other cases in which you have changed the course of business in the matter of requiring bonds from shippers, or has the whole matter just run along as it was before? A. As it was before, yes, sir.

Q. So the only time that the question of requiring a bond has arisen has been in the case of the new shippers who had not formerly patronized the railroad? A. Yes, sir.

Q. Can you produce one of your usual printed blank forms for bonds? A. Yes, sir.

(Witness produced the following form):—

COAL FREIGHT AND TOLL BOND.

Incorporated Surety.

For a Valuable Consideration, The undersigned do hereby promise and agree to and with the Philadelphia and Reading Railway Company, that he will from time to time, and at all times hereafter, well, truly and punctually pay to the Philadelphia and Reading Railway Company all moneys which now are or hereafter shall become due by the undersigned to, or be collectible from the undersigned by, the Philadelphia and Reading Railway Company, as and for Freight,

Tolls, and Charges, or either, on Coal or Coke passing over the Railroads and Canals or in vessels, operated by the said Philadelphia and Reading Railway Company, or any part thereof, or which shall become due by the undersigned to, or be collectible from the undersigned by, the Philadelphia and Reading Railway Company for any Freight, Tolls, and Charges whatsoever, including demurrage charges to accrue from the detention of either railroad cars or vessels; and that the Philadelphia and Reading Railway Company shall have a lien on, and may at any time retake and keep possession of, any Coal or Coke, of, or carried for, the undersigned, to secure the payment of all and every sum then due and unpaid to, or to be collected by, the Philadelphia and Reading Railway Company from the undersigned, for Freight, Tolls and Charges on any Coal or Coke at any time theretofore carried on said Roads or Canals, or in vessels, and that they may at any time sell such Coal or Coke at public or private sale, without notice to the undersigned, and apply the proceeds thereof to such indebtedness;

And the undersigned do further authorize any attorney of any court of record, upon filing a copy hereof accompanied by an affidavit of an officer or agent of the Philadelphia and Reading Railway Company of the amount due under the foregoing agreement to sign an agreement for entering an amicable action, and to confess judgment therein against for such amount, and costs of suit, with release of errors and waiver of any exemption, and without stay of execution.

Witness hand and seal this day of A. D. 191 .

Sealed and delivered in presence of us:

[SEAL]

For value received, The undersigned doth hereby covenant and agree with the Philadelphia and Reading Railway Company, that the above agreement shall and will be faithfully kept and complied with on the part of the said and that if the said shall

not punctually pay the money agreed to be paid as thereby provided, not to exceed the sum of $ then the undersigned will forthwith, after such default, and without any demand, well and truly pay the same and all interest which may have accrued by reason of such default.

It being, however, hereby understood and agreed that the undersigned may at any time withdraw from liability as to future payments by the said by giving the Philadelphia and Reading Railway Company days previous notice of its intention to so withdraw.

Witness the seal of the duly attested this day of A. D. 191 .

[SEAL.]

[SEAL.]

Endorsed.—To Philadelphia & Reading Railway Company 191 . Surety Amount Expires File No. .

Q. When you do extend credit either with or without a bond, what is the usual term of such credit? A. On coal shipments?

Q. On coal shipments, and, also on general merchandise. A. They give us a bond for whatever the amount of freight is that they expect to do business for. It varies.

Q. What is the average of the time you allow them on giving such bond? A. Generally a week.

Q. You let them withhold payment for a week? A. The bill is presented on a certain day in the week, and we give them a certain time to check up, and they are expected to pay in the following week. It is practically two weeks' time before they are in shape to make payment.

Q. That is your usual course of business with shippers generally? A. Yes, sir.

Q. I see by this statement of the freight charges against the Reading Coal and Iron Company that the usual period is from two to three months in dealing with them? A. Yes, sir.

Q. And that is exceptional? A. To the others, yes.

Q. There are already in evidence in this case general balance sheets of the Philadelphia and Reading Coal and Iron Company for the years 1907 to 1912 inclusive. I find in those balance sheets an item under the head of "Current Liabilities." Take for example, balance sheet of June 30th, 1907, "P. and R. Railway Company Current Account, $1,415,104.92." Can you tell me what that is for; what that represents? A. This is a credit to the Coal and Iron Company. That is the balance of the account up to that date. That is a Coal and Iron balance sheet.

Q. Is not that the balance that was due on that date to the Railway Company? A. Yes, sir.

Q. What does that represent? What did they owe that for? A. They owed it for freights, for supplies, anything that we would furnish to them during the month, stationery or anything of that kind, on the one side, and on the other side are bills for coal adjustments on shipments over the piers. It is a general balance of the accounts due by them.

Q. This amount appears to run during these years mentioned from something under a million to about a million and a half dollars. Is that in accordance with your understanding of the situation? A. Yes, sir.

Q. Is it ever paid up to date and cleared off? A. On that other statement I showed you there, that closes up the balance of the account for the previous month maybe two or three months after—that cleans up a certain month every time.

Q. But there is always a large balance which the Coal Company owes to the Railway Company? A. It probably represents a month and a half or two months' account.

Q. Does the Coal Company ever pay any interest to the Railway Company on its debit balance? Is it ever charged with any interest? A. No, sir.

By Mr. Coudert:

Q. It falls entirely within your jurisdiction to decide whether shippers shall give bonds or not? A. Yes, sir. We require a bond from them.

Q. Since you have been in charge have you exempted any shipper from that requirement? A. No, sir.

Q. You have not taken the responsibility on yourself to exempt any shipper? A. No, sir.

Q. You only allowed those to go exempt who were exempted before you came there? A. Before; yes sir.

Q. You found them exempt and you asked no questions, but just let them alone? A. Just let them be.

Q. Just as they were? A. Yes, sir.

Q. But you did not take the responsibility on yourself of telling them that they would be exempt? A. No; I said nothing to them about it

Re-direct examination.

By Mr. Reynolds:

Q. Have you any shipper on your system that ships anything like the quantity of freight that the Philadelphia and Reading Coal and Iron Company does? A. No, sir; none at all.

Q. So that it would be impossible, in the nature of things, to have any other shipper that could possible run a credit of that amount within two months? A. Yes, sir; it would be utterly impossible.

Q. You spoke about Whitney and Kemmerer, to whom you allowed a credit. Are they shippers of anthracite coal? A. Yes, sir.

Q. I understood you to say that you did not require a bond of them? A. The bond had never been given by them, and I have never required it.

Q. Are they people of the highest financial responsibility? A. Yes, sir.

Q. Are they independent coal operators? A. Independent entirely.

Re-cross examination.

By Mr. Coudert:

Q. Were there any other shippers of anthracite exempt from giving bonds when you came in office? A. I think there are one or two others.

Q. You cannot mention their names? A. No, sir.

Q. You think there were about one or two others? A. I think that is about all.

Q. Small shippers or large shippers? A. Good sized shippers.

Q. What are they? So-called independent? A. Independent companies entirely.

Q. They are stock companies, are they? A. It is a firm name, the same as Whitney and Kemmerer. I was trying to think of the other names, but I cannot think of them just now.

Q. As far as you know, they have no relation to the Reading system? A. None whatever.

Q. No leased land or contracts in any way? A. No, sir.

Q. Do you know anything of the details in regard to them yourself? A. No, sir.

Q. You do not know anything about it, except they are exempt firms, which have been always exempt from the ordinary requirements imposed on the ordinary shipper? A. Yes, sir.

Q. Do you exempt a shipper from giving a bond because you think he is particularly solvent? A. No, sir.

Q. You have never used solvency as exemption since you have been in charge. A. No, sir.

JOHN A. TAYLOR, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your position, and with what company? A. Comptroller of the Central Railroad Company of New Jersey.

Q. Do you have any official relations whatever with the Lehigh and Wilkes-Barre Coal Company? A. None whatever.

Q. Or the Lehigh and New England Railroad Company? A. None whatever.

Q. Or the Lehigh and Hudson River Railroad? A. None.

Q. Or the Philadelphia and Reading Railway? A. None.

Q. Or the Philadelphia and Reading Coal and Iron Company? A. None.

Q. Or the Reading Company? A. No, sir.

Q. Or the Lehigh Coal and Navigation Company? A. No, sir.

Q. The accounts following 1907 in this exhibit are kept in accordance, as I understand it, with the regulations of the Interstate Commerce Commission that were promulgated in July of that year? A. Yes, sir.

Q. So that these statements on this exhibit conform to your reports to the Interstate Commerce Commission? A. Yes, sir.

Q. What have you done as to restating a period from prior to 1907? A. We restated it in so far as we possibly could to conform to the present accounting regulations.

Q. So as to make the entire statement for the entire period conform to the requirements of the Interstate Commerce Commission in their regulations of July 1st, 1907? A. Yes, sir; in so far as we possibly could.

Q. This statement shows, as I understand it, the investment value of all the properties going to make up the system of the Central Railroad Company of New Jersey, including the leased lines, but excluding the lines leased from the Lehigh Coal and Navigation Company? Is that correct? A. Yes, sir.

Q. Then when you come to the expenses, have you deducted the rentals paid for those lines in Pennsylvania? A. Only as to those where the property is not included, that is, the Lehigh and Susquehanna Railroad.

Q. How did you arrive at your working capital, which is put down here as a sum on which you attempt to earn an income? A. By drawing off daily cash balances for twenty-six times three hundred and sixty-five.

Q. Did you give the public credit for any interest that you received yourself on cash on hand? A. Yes, sir; it is so indicated in the statement.

The statement produced by witness offered in evidence, as follows:—

Q. I note that in 1910, you show a total cost of road and equipment of $81,241,375.84. A. Yes, sir.

Q. In that year was there a valuation of your properties made in New Jersey for the purpose of levying taxes, by Mr. Charles Hansel? A. There was, yes, sir.

Q. What was the appraisal which he put on that property that same year as of December 31st, 1910, so far as that property was located in New Jersey alone? A. $82,122,886.

Q. In other words, in excess of the amount you have charged for book cost? A. Yes, sir. Of over one million dollars.

Q. I asked you to prepare another statement, starting with Mr. Hansel's appraisal of your properties in New Jersey as of December 31st, 1910, and add to that the book value of the properties outside of New Jersey, and compute the net operating income after payment of taxes, and the percentage of the turn upon the investment shown in that method of computation? A. Yes, sir.

Q. Is the statement which I now hand you the computation which you have made? A. Yes, sir; it is.

Q. That is for the year ending June 30th, 1913? A. Yes, sir.

Q. Will you please file the statement with the Examiner as an exhibit?

(The witness produced the following statement:—

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY.

STATEMENT OF INVESTMENTS IN PROPERTY DEVOTED TO THE PUBLIC SERVICE AND THE PERCENTAGE OF RETURN FROM THE OPERATION THEREOF FOR THE YEAR ENDED JUNE 30TH, 1913.

†Hansel's Appraisal December 31st, 1910, New Jersey			$82,122,886.00
Additions and Betterments, January 1st, 1911, to June 30th, 1913:—			
C. R. R. Company's Road and Equipment		$11,246,795.24	
Proprietary Lines		420,870.97	
New York & Long Branch R. R.		298,643.05	11,966,309.26
			$94,089,195.26
Book value of property New York City Piers, December 31st, 1910	$2,397,298.91		
Additions and Betterments, January 1st, 1911, to June 30th, 1913	231,795.43	2,629,094.34	
Additions and Betterments, L. & S. Division and Branches, including Allentown Terminal R. R. and Wilkes-Barre & Scranton R. R., January 1st, 1903, to June 30th, 1913		2,538,495.44	5,167,589.78
*Total Value of Property, June 30th, 1913			$99,256,785.04
Rental, L. & S. R. R. and Branches	$2,207,703.90		
*Rental, W. B. & S. R. R.	66,606.48		
Rental, A. T. R. R.	13,500.00		
Joint Facility Rents	74,620.27		
	$2,362,430.65		
Revenues			‡$31,192,692.16
Operating Expenses		‡$19,043,652.65	
Taxes		1,578,954.70	
*Rentals		2,362,430.65	22,985,038.00
			$8,207,654.16

Percentage of Return, 8.3%.

† This item is in conformity with deposition of Charles Hansel showing a resumé of his appraisal of the Physical property of the Central Railroad Company of New Jersey, within the State of New Jersey, used for transportation purposes, which appraisal was incorporated into the return of the Company made March 1st, 1913, to the Interstate Commerce Commission in its so-called docket No. 4914. This appraisal does not include any value of the franchise, nor the value of lands held for future use.

* The Physical value of the leased lines in Pennsylvania is not included in the above exhibit. In lieu of that the rentals of those properties are deducted like taxes and operating expenses from the gross operating revenues to determine the net.

‡ Includes revenues and expenses of N. Y. & L. B. R. R. *in toto.*

Q. To what date are your statistical accounts since June 30th, 1913, brought down? A. Practically just closed up to February 28th, through the month of February.

Q. What is the comparative showing for the months elapsed during the current fiscal year as compared with the corresponding months in the year ending June 30th, 1913? A. A very decided decrease. Very decided.

Q. I understand from your answer to question number 21 in Docket 4914, that there have been no advances made by the Jersey Central to the Lehigh and Wilkes-Barre Coal Company since 1896, the date of the Reading reorganization? Is that answer true? A. Yes, sir.

Q. And that is the fact? A. Yes, sir.

Q. During that period has the Lehigh and Wilkes-Barre Coal Company always paid its freight charges? A. It has.

Q. Do the books of the Central Railroad Company show that some portions of its business are operated at a deficit? A. Yes, sir.

Q. What are some of them? A. Its lighterage business, its Harbor Terminal Transfer, its dining car service, and its Twenty-third Street ferry are some of the things that it operates at a deficit.

Q. The lines in Pennsylvania operated by the Jersey Central are owned by what company? A. The Lehigh and Susquehanna Railroad and its branches, owned by the Lehigh Coal and Navigation Company. The Wilkes-Barre and Scranton Railroad, and the Allentown Terminal Railroad are different corporations.

Q. Referring to the Lehigh and Susquehanna Railroad and its branches, what is the maximum rental provided in the lease? A. The maximum rental provides that when one-third of the gross earnings in the State of Pennsylvania amount to $2,043,000 we then discontinue paying one-third of the gross earnings and pay certain other sums as provided in the lease, one of the other items being that we have to pay back to them one-third of the rental of the Allentown Terminal Railroad, which they pay currently under the lease in what we call the maxi-

mum year, we then pay that back to them, plus a further sum of seven per cent. on addition and betterment work on the Lehigh and Susquehanna Railroad and branches.

Q. Without complicating the matter too much, the maximum result is the sum of $2,043,000 in round numbers? A. Plus those other things.

Q. What year did you reach that maximum? A. In 1901.

Q. The following year was there any interruption in the coal business, in 1902? A. We did not reach the maximum in that year, due to the coal strike, which extended over several months.

Q. That year was known as the year of the great coal strike, the John Mitchell strike? A. Yes, sir.

Q. Since that year has there ever been a year when the rental paid was not the maximum rental? A. There has not been.

Q. Take it under current conditions, about what month of the calendar year does the revenue of those lines reach a point where one-third of the gross exceeds the maximum rental? A. About the middle of August each year.

Q. So that by August each year now you reach a point where the maximum is due, and you pay that maximum and make no payments for the remaining four and a half months of the year? A. It is hard to prognosticate as to the future. Under present conditions we probably would not.

Cross examination.

By Mr. Coudert:

Q. That is a pure prophecy? A. No; my statement as to the middle of August was based on the exact facts as to 1913.

Q. But, as to the future, it is a mere prophecy? A. Certainly. If business falls off we would not do it. If it is increased, we would reach it sooner.

Q. What are your general credit arrangements with shippers? A. Our general arrangements are that a firm

will make application to us for credit. Then it is passed upon by me in its entirety, and if my investigation and judgment prompt me, I grant it. Perhaps for varying periods. It may be for a week, it may be semi-monthly, it may be monthly. As any one would in investigating a credit for a commercial business.

Q. Have you any rule about that, a thirty-day rule, for instance? A. Take for instance around New York City, we do not grant any credit in what we call the Metropolitan district for over a week.

Q. In other districts you grant a longer credit? A. We do in some cases.

Q. What are your maximum credits? A. A month—thirty days.

Q. You seldom grant more than thirty days? A. We do not ever grant more than thirty days.

Q. You do not grant more than thirty days to any shipper? A. No.

Q. You do not grant any more than that to the Lehigh and Wilkes-Barre Coal Company? A. We do not.

Q. You never have? A. I would not like to say that we never had, because I am only going back for twelve years, since the matter has been under my jurisdiction.

Q. During the twelve years it has been under your jurisdiction you have not? A. No, sir.

Q. As far as you can remember? A. As far as I can remember. I am sure we have not. When I say we grant thirty days credit, sometimes we have to pound the fellows to pay it, they get a little short of money, and, of course, everybody that is short of money dealing with a railroad company expects financial help from the railroad. But my invariable practice at the present time is to grant no credit beyond a week, and, it is only when there is an urgent reason, from my point of view, why I do not vary it from that. For instance, we have a good many industries on our road where the charges are collected in Cleveland, Pittsburgh, New York, quite a way from the agents. We have to make some little different arrangement to cover those, but never beyond thirty days.

Q. You give the Lehigh and Wilkes-Barre how much? A. Thirty days.

Q. You give them the maximum you give to anybody? A. Yes, sir.

Q. Do you, as a general rule, exact bonds as the Reading Railway does? A. The practice of exacting bonds with us exists in so far only as coal shippers are concerned, and that was brought about by the fact that at one time there were a good many people shipping coal on speculation, and we found it was necessary to inaugurate the bond system. We do not exact them from all our coal people.

Q. How long have you been doing that? A. We have been doing that I think for the last ten years.

Q. How large a proportion of shippers do you exempt from that general requirement? A. No definite number—no particular cases. If my investigation of the application of a coal shipper for credit is such that I find the same conditions as I would a man in any other line of business, I would give him the same kind of treatment, in all probability.

Q. So you do not have, as the Reading Railway seems to have, an invariable rule to exact bonds from shippers? A. No, sir. I do not exact a bond from any shipper at all, only in the case of coal shippers.

Q. And only there when you have some question as to their solvency? A. Yes, sir.

Q. Do you take bonds for the majority of them? A. No; I think not.

Q. The Lehigh and Wilkes-Barre Coal Company gives no bond, I take it? A. Gives no bond.

Q. Your railroad sometimes guarantees their bonds? A. That is a matter that does not come under my jurisdiction.

Q. As comptroller you know that to be a fact? A. Oh, yes. The bonds speak for themselves.

Q. Can you remember in a general way what is the largest debit balance that the Lehigh and Wilkes-Barre Coal Company has had on coal shipments? A. We do not carry that amount just in that way that it would indicate that.

In other words, we make the Lehigh and Wilkes-Barre pay their tolls to us, and we pay them for the coal we buy from them.

Q. Tell us just exactly how that is arranged in detail between the Lehigh and Wilkes-Barre Coal Company and the Railroad Company, how those payments are made, and what is the system? A. The Lehigh and Wilkes-Barre Coal Company is furnished with statements of its coal shipments, that is, the freight bills are furnished them, showing their shipments weekly. That is in order to give them ample opportunity to check up currently most all the accounts, so that on or before the tenth of the following month they can pay the accrued bills. As to the other side of the account, the same opportunities of checking up of the bills against us for coal that we have purchased from them, and we pay them, after verification of those bills.

Q. You get all your supply coal from them? A. No, sir.

Q. How do you get your supply coal? A. I do not think we get it all from them. I would not say now whom. Of course, we use a great deal of bituminous coal in supply coal—a great deal.

Q. You get most of your anthracite, as a fact, from them, do you not? A. I think probably we do; yes, sir. I would not say exactly all.

Q. Is their shipping account, credit account, carried just the same as all of the other shippers of coal? A. Yes, sir. We treat them all just alike. Where they have credit on similar basis, some of our coal accounts which are on our credit list, we draw on weekly for the accrued charges. Some we give weekly credit, and do not draw, they remit. Just whatever arrangement that in my judgment seems best, under my investigation of the particular case. There is no general rule laid down.

Q. You file, under the Interstate Commerce Commission, a statement as to those credits, do you not? A. Of all shippers.

Q. As to the Lehigh and Wilkes-Barre Coal Company? A. Yes, sir. Covering a period I think from August, 1909 to November, 1912.

Q. You have spoken of certain other amounts which are to be paid under the lease by the Central Railroad of New Jersey to the Lehigh and Susquehanna. Do you remember in a general way what those amounts have come to in the last two or three years? A. Yes, sir. The aggregate amount on which we pay the seven per cent. interest runs from a little over two million dollars, making about one hundred and forty-four or one hundred and forty-five thousand dollars a year on that account.

Q. In addition to the regular maximum rentals? A. Of $2,043,000; yes, sir.

Q. Are there any other payments made? A. That is all.

Q. You think it quite possible that if business does not improve you will not reach the maximum this year as in the last few years? A. It goes without saying.

Re-direct examination.

By Mr. Reynolds:

Q. When did you reach the maximum rental in the year 1913? A. In the middle of August.

Q. Do you recall how much you paid the Lehigh Coal and Navigation Company to date on the L. and S. lease this year? A. No; I do not. That is based on an estimate each month and credited on the subsequent month.

Q. How much has it been running per month? A. I would not want to say without I looked at the books.

Q. You said in answer to Mr. Coudert's question that you were not going to reach the maximum? A. No; I said if business continued to fall off, we would not reach the maximum.

Q. If business continues where it is, will you reach the maximum? A. It would be necessary for me to see what we paid for January and February before I could answer that question.

Q. Then how did you answer Mr. Coudert's question? How much would it have to fall off? A. It would have to fall off very considerably.

Q. How much? A. I cannot tell that unless I knew what one-third of the gross earnings for the whole year 1913 was.

Q. Then your answer is that if the gross earnings fall below $2,043,000 you will not reach the maximum? If one-third of your gross earnings this year does not reach $2,043,000 you will not reach the maximum? A. Certainly.

Q. That is all your answer means, is it? A. Yes, sir.

W. G. BESLER, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your position, and with what company? A. Vice-President and General Manager of the Central Railroad Company of New Jersey.

Q. What year did you go to the Central Railroad Company of New Jersey? A. In 1902.

Q. In what position? A. As General Manager.

Q. With what company had you been employed before that time? A. The Philadelphia and Reading.

Q. In what position? A. General Superintendent.

Q. How long had you been with the Philadelphia and Reading? A. Two and a half years approximately.

Q. Where did you come to that company from? A. From the C. B. A. & Q.

Q. Are you familiar with the Drifton branch of the Central Railroad of New Jersey? A. Yes, sir.

Q. Where does it begin and end? A. At Drifton Junction, up at Drifton, Pennsylvania.

Q. It ends there now? A. Yes, sir.

Q. How long is it? A. About twelve or thirteen miles.

Q. Does it move any coal? A. None whatever.

Q. How long since it ceased to move coal? It would be a matter of hearsay with me, but it has been over twenty-five years.

Q. In the operations of the Central Railroad of New Jersey, are those operations in any manner directed by the Philadelphia and Reading Railway? A. None whatever.

Q. What is the general character of the shipments han-

dled over the North River Coal and Wharf Company property at Jersey City? A. Bituminous coal.

Q. Any coke handled there? A. Very little, if any.

Q. Do you remember what the Delaware, Susquehanna and Schuylkill Railroad was? A. In a general way; yes.

Q. What was it, and where did it run? A. It was an operation under the ownership of Coxe Brothers, as I understand it, and extended in the coal regions up through the coal regions.

Q. Did it come anywhere near your Drifton branch? A. One section of it was terminated at Drifton, I believe.

Q. Do you remember when the Lehigh Valley acquired the Coxe Brothers' property? A. I think seven or eight years—yes, seven or eight years ago.

Q. In the case for the Government, certain tables were filed showing the routing of coal in 1901 and 1913, and those statements generally show a very much larger tonnage moving via the Lehigh and Hudson River Railway and the Central New England Railroad, and the New York, New Haven and Hartford Railway in 1913 than moved via that route in 1901. Can you state what explanation there is for that difference in routing? A. It was forced upon the Central Railroad by action of the New York, New Haven and Hartford Company. The New Haven acquired what is known as the Poughkeepsie bridge route, and in order to stimulate traffic via that highway, as well as to relieve their rush congested conditions in and about New York, directed that we send our coal traffic and freight traffic by the Poughkeepsie bridge route, which took it from the main line at Phillipsburg.

Q. The Government has filed certain maps in this case, upon which the map maker has shown a railroad running down from Lansford and connecting with the Jersey Central main tracks at the Mauch Chunk station. Where is the Switchback, so-called railroad, located? A. On the mountains back of Mauch Chunk.

Q. About what altitude above the tracks of the Jersey Central at Mauch Chunk? A. Four hundred to six hundred feet.

Q. What is the nature of that railroad in its service to the public? A. A roller coaster in effect, a scenic railroad.

Q. Does it carry any trade? A. None whatever.

Q. Excepting joy-riding? A. Excursionists.

Q. I call your attention also to a letter of yours which was put into the record in a garbled and mutilated form on page 343 (printed page 175), which you addressed to Mr. Baer. Have you a complete copy of that letter with you? A. Yes, sir. (Copy of letter produced dated January 28th, 1907.)

Q. They left out the introduction of that letter in putting it in, that reading as follows: 'I dislike to have to take up with you matters which are ancient history, but the adage that 'The man convinced against his will is of the same opinion still,' finds its application in my case. The United States Metals Refining Company, located on our New Jersey Terminal R. R. (which was formerly the De Lamar Copper Refining Co.) have had up with us, as you know, from time to time the matter of securing a sufficient supply of No. 3 Buckwheat coal, of which they require about 5000 tons per month." Then the letter continues as stated in the record, and then the Government has left out this, "This arrangement expires on April 1st, and the L. & W. B. Co. have been advised by the Lehigh Valley Coal Co., that they cannot continue that arrangement. Thereupon the U. S. Metals Refining Co., made direct application to the L. V. Coal Co. people to supply them with the coal, which the Lehigh Valley Coal Co. have declined to do." The letter then continues as in the record. Then the Government has left out this paragraph, "If we fail in this there is nothing for these people to do but to immediately undertake to construct dock facilities at Cartaret and arrange for their supply by water. This, as you know, is always possible, and all of the companies furnishing coal may then come into our territory with their coal barges and take from us not only this small size anthracite, but also the large bituminous tonnage which we have worked up in connection with this concern."

Those interpolations that I have read complete that letter, do they not? A. Yes, sir.

Mr. Reynolds offered in evidence the letter identified by the witness as follows:—

"JANUARY 28th 1907.

"Supply of No. 3 Buckwheat Coal for United States Metals Refining Company.

"Mr. Geo. F. Baer, President, Philadelphia, Pa.

"DEAR MR. BAER:—I dislike to have to take up with you matters which are ancient history, but the adage that:—

> 'The man convinced against his will,
> Is of the same opinion still,'

finds its application in my case.

"The United States Metals Refining Co., located on our New Jersey Terminal R. R., (which was formerly the De Lamar Copper Refining Co.,) have had up with us, as you know, from time to time the matter of securing a sufficient supply of No. 3 Buckwheat coal, of which they require about 5000 tons per month.

"Several months ago, you will remember you gave instructions to Mr. Henderson to send in an emergency supply from the P. & R., which was lying at Port Reading, meantime we exerted ourselves and Mr. Heilner secured from the Lehigh Valley Coal Co., a supply of coal to apply on their requirements. This arrangement expires on April 1st, and the L. & W. B. Co. have been advised by the Lehigh Valley Coal Co., that they cannot continue that arrangement. Thereupon the U. S. Metals Refining Co., made direct application to the L. V. Coal Co. people to supply them with the coal which the Lehigh Valley Coal Co. have declined to do.

"They now turn to us to see whether it is not possible to secure a supply from the Reading territory, and it is to this line of action which I would now endeavor to secure favorable consideration. If we fail in this there is nothing for these people to do but to immediately undertake to construct dock facilities at Carteret and arrange for

their supply by water. This, as you know, is always possible, and all of the companies furnishing coal may then come into our territory with their coal barges and take from us not only this small size anthracite, but also the large bituminous tonnage which we have worked up in connection with this concern.

"If our affiliation with the Reading Co. is to be of benefit to this property; it should be in such case as this, where to protect our traffic and direct earnings the P. & R. should come to your assistance and enjoy thereby their indirect earnings from their traffic, as well as their direct earnings from the sale of the coal.

"Undoubtedly the Reading Company can show a number of reasons why they cannot consistently do this, but rules are made to be broken by the authority which creates them, and in this matter I trust you will give instructions which will enable us to take care of this very large customer.

"The matter is of such importance that it requires immediate attention, and we must give a definite answer by Wednesday of this week.

"Yours truly,

"(Sgd.) W. G. BESLER.
"Vice Pres. & Gen'l. Mgr."

"Mr. T. B. Koons:—

"Note: for your information.

W. G. Besler."

(original V. P. & G. M. file No. 8428)"

Q. What is the nature of the coal supply on the Jersey Central system in the size of number three buckwheat coal? A. There is insufficient supply for the demand.

Q. Is an order of five thousand tons per month, or sixty thousand tons per annum, a whale of an order of number three buckwheat coal? A. I would so consider it.

Q. Are there many industrial enterprises along the Jersey Central consuming buckwheat coal? A. Yes, sir.

Q. And bituminous coal? A. And bituminous coal.

Q. Is there any independent shipper upon the lines of

the Central Railroad of New Jersey, other than the Lehigh Coal and Navigation Company, which could ship 60,000 tons of buckwheat number three, as far as you know? A. No, sir.

Q. So that the reason for that letter was, as you stated, in the parts I have read, an effort to get the shipments of coal for your own line? A. Yes, sir.

Q. On page 347 of the record (printed page 176) the Government has put in what does not purport to be a letter at all, but is dated January 25th, 1909. Have you a letter of that date? A. Yes, sir. (Letter produced.)

Q. What was the explanation of your writing that letter to Mr. Koons? A. The same general purpose as the former letter, to secure to the Jersey Central profitable tonnage.

Q. How was that coal moving at that time? A. By the Lehigh Valley.

Q. Where were they getting it? A. I understand from the P. & R.

Q. What shipments from what points on your line give you the longest haul on anthracite coal? A. Anthracite from the Wyoming region.

Q. And the best rate? A. And the best rate.

Q. Was it to your advantage to get shipments from that region? A. Absolutely.

Q. What was the result in getting the tonnage delivered via either the P. & R. or the Lehigh Valley, thence to your line? Would you get the long haul and the full rate? A. No.

Q. Then what was the object of your letter? A. To endeavor to secure the long haul and the through rate, the entire rate.

Q. Without sharing with the P. and R. or the Lehigh Valley? A. Yes, sir.

Q. Does the Central Railroad Company of New Jersey reach any of the collieries of the Temple Iron Company? A. No.

Q. How many railroads now serve the Wyoming region? A. The Pennsylvania Railroad, the Lehigh Valley,

the D. L. and W., the New York, Ontario and Western and our Central Railroad of New Jersey, and the Delaware and Hudson.

Cross examination.

By MR. COUDERT:

Q. You say the Philadelphia and Reading Railway has had nothing to do with the management of your company, as I understand you? A. Absolutely.

Q. What do you mean by the language, "If our affiliation with the Reading Company is to be of benefit to this property." What did you mean by affiliation? A. Working arrangement.

Q. What did you mean by working arrangement? A. The interchange of traffic, movement back and forth.

Q. How were those working arrangements shown, evidenced; by contracts? What documents showed that those working arrangements, which you called affiliation, existed? A. The joint tariffs.

Q. What else? A. The joint movement.

Q. What was that general movement predicated on? A. Movement between the two properties.

Q. The fact that the two properties were one, that was what you intended, was it not? A. No, sir.

Q. What did you mean by "affiliation?" You know what "affiliation" means? A. Yes, sir.

Q. What did you mean by "affiliation?" A. If our working arrangements with the Reading should be substituted, perhaps, if you want to get at the meaning of them.

Q. Did you have affiliations with other companies? A. Yes, sir.

Q. What were the other companies with which the Central was affiliated at that time? A. The D. L. and W., the Lehigh Valley, all of the railroads with whom we have similar working arrangements for through routes and rates.

Q. You were aware at that time, of course, that the Reading system owned the Central, were you not? You knew that? A. That they held an interest in the stock?

Q. Yes. A. Yes, sir.

Q. Did you not have that in mind when you said "affiliation?" A. Oh, no.

Q. Do you mean to say that that did not enter into your mind as one of the factors when you spoke of those two roads as affiliated? Would you consider roads as strangers when one owned the other? In your mind did not that create any relation between them? A. Not in the sense that you are trying to construe it, no.

Q. So that when you said they were affiliated you meant they might be affiliated as any roads might be that had arrangement for through traffic? Is that what you meant? A. Absolutely.

Q. You said in one of your letters, "It was our understanding that the P. and R. anthracite coal could not come over into C. R. R. territory without disturbing L. and W. B. arrangements." What were those arrangements? A. As between Mr. Koons and myself, he is responsible for earnings and myself responsible for expenses, that we should endeavor to secure that traffic which would give to us the largest earning and the greatest haul.

Q. So that that was just a gentlemen's arrangement between himself and yourself? A. Oh, yes.

Q. What kind of an arrangement was it? A. Verbal discussion.

Q. It was a verbal arrangement? A. Yes, sir.

Q. A gentlemen's arrangement? A. Yes, sir.

Q. And under that gentlemen's arrangement you each had your own territory? A. Jurisdiction.

Q. I am speaking of the arrangement between the two railroads which you referred to in your letter to Mr. Koons. You say here, "without disturbing Lehigh and Wilkes-Barre arrangements." A. Yes, sir.

Q. I do not understand what you meant by that? A. I just told you; that we might get the benefit of the greater earnings which the Lehigh and Wilkes-Barre traffic affords to us.

Q. How would you get those benefits? A. By securing the traffic.

Q. How would you secure that traffic? What did you do to secure that traffic? A. Nothing so far as I was concerned.

Q. You got it without making any effort, did you not? A. Mr. Koons secures the traffic.

Q. You got it without the slightest effort? A. It was routed our way.

Q. What do you mean by saying that it was your understanding that the Reading coal could not come into your territory? What was to keep it out? Who promised you not to send it into your territory? A. Nobody.

Q. What agreement was there not to send it into your territory? A. None whatever.

Q. Then on what was the understanding based? A. That Reading coal coming into our territory would displace the long haul of the L. and W. B. which we might otherwise enjoy.

Q. "It was our understanding," that is to say Mr. Koons and yourself understood that for some reason or other the Reading coal could not come into your territory? What was that understanding based on? It must have been based on something? A. Decreased earnings that we would enjoy

Q. Do you mean to say that your understanding was not based on any arrangement of any kind? A. Absolutely none—none whatever.

Q. You say, "It was our understanding that the anthracite could not come over into the territory." What was to prevent it coming? A. Nothing, as far as I was concerned.

Q. So that your letter practically amounts to nothing? A. Yes, sir.

Q. What year were you transferred from the Reading to the Central? A. In 1902.

Q. What month? A. I think it was in March.

Q. How did you happen to be transferred? A. The Vice-President in charge had resigned and I was sent over.

Q. You were sent over by whom? A. By Mr. Baer.

Q. And he was President of the Reading and of the Central? A. Yes, sir.

Q. And he transferred you from one to the other? A. Yes, sir.

Q. Did he state in which capacity he was acting when he transferred you? Was he dual or single? A. The notice was signed as President of the Central Railroad of New Jersey.

Q. When he transferred you from the Reading, as President of the Central, he transferred you from the Reading to the Central? A. I was directed to go to the Central.

Q. By Mr. Baer, as President of the Reading? A. I do not know in what capacity he was acting. You will have to ask him.

Q. He was acting as the great Poobah, was he not? Was not that the fact? A. I do not know.

Q. He was President and he told you to go from one of his roads to the other? A. Yes, sir.

By Mr. Kingsbury:

Q. There is already in the record as an exhibit a letter appearing to have been written to you by Mr. Koons, dated October 16th, 1906, page 312 (printed page 160). Refresh your memory by reading it. Do you remember that letter? A. No; I do not.

Q. You do not remember receiving it? A. I may have received it. I do not remember it.

Q. You do not remember then what you answered? A. I could not remember; no.

Q. Do you concur in the views expressed by Mr. Koons in that letter? A. I would want to think about it before I answered.

Q. You are not prepared to answer that now? A. No, sir.

Q. Mr. Koons says in this letter, "It would be most disastrous to all the anthracite coal roads," referring to a proposed reduction by one of them, "as they were all interested and would have to meet the reduction if he would establish lower basis." Do you concur in that? A. That is handled by Mr. Koons, and I prefer he should answer. I would not answer that.

Q. You do not know then whether it would have that effect? A. I would not care to express an opinion.

Q. You will not even say whether you know or do not know? A. No.

ROBERT L. RUSSELL, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your position, and with what railroad? A. General Freight Agent, Philadelphia and Reading Railroad.

Q. Do you have anything to do with coal? A. I do not have anything to do with coal or coke.

Q. Your jurisdiction is entirely over merchandise? A. Yes, sir.

Q. The Government put in another one of their garbled letters, all chewed up, page 341 of the record (printed page 173), leaving out matters which would otherwise explain the reference, and you are referred to by the writer of that letter, T. J. Fretz, of the Lehigh and New England Railroad, as having made a "peculiar reservation, stating that in case policy reasons interfered with this arrangement the matter would be off." What were you discussing with Mr. Fretz at the date of that letter, August 21st, 1912? A. Mr. Fretz comes down to see me every now and then, ——

MR. COUDERT:—In view of the rather unpleasant statements that counsel has made, I request that he put in all these letters which are his and in his possession.

(Mr. Reynolds produced copy of letter dated August 21st, 1912.)

By MR. REYNOLDS:

Q. The omitted part of the letter reads as follows: "I called on the Philadelphia & Reading people yesterday relative to rates and divisions to and from our new extension and the Panther Creek Road; the attitude of the Freight Traffic Department of the Reading was entirely at variance with information they heretofore gave their connections on suggested alignment of new tariffs to and from these points. Mr. Russell, G. F. A., and Mr. Boggs, A. G. F. A., both advised me that so far as they knew, they were not only willing, but anxious to interchange traffic with us through the Tamaqua Gateway on the same basis of divisions as we

made with our other connections, namely, 40 mile blocks with a minimum revenue of 20%. They stated that they would want to put in their whole line through Tamaqua and intimated that they then proposed to cut out the short line, Lehigh Valley and C. R. R. of N. J. routes, they being anxious to not only include our new points, but also our old territory. So far as Central Freight Association and Trans-Continental traffic is concerned, they want to handle such traffic, both East and Westbound via the same junction point, and are apparently willing to give us arbitraries of 3½ cents in carloads and 5 cents less carloads. They stated that their fast freight service from Philadelphia would land our cars at Tamaqua by midnight, thus giving us ample opportunity to spot cars at the Lansford platform for early morning delivery. They seem very anxious to ascertain the exact location of our Tamaqua freight station, which of course I was unable to give them." Were you very anxious to make those joint arrangements with them, and did you do all those things that they state in that omitted part of the letter in an effort to accommodate them in the general freight traffic? A. As I said, Mr. Fretz comes down to see me every now and then and I cannot recollect, of course, what took place at each conference that he has had with me in the past two or three years, but I do recall that he had an interview with me about the time that their new extension was completed into Tamaqua and about the time that they were contemplating taking over the line up to Lansford and that vicinity, and at one of those conferences, whether it was at the one just prior to the writing of this letter I could not of course state, but at one of those conferences he discussed the question with me of a division, and also the question of him being willing to interchange the freight at Tamaqua, and I did tell him that there was no reason why we should not interchange the traffic at Tamaqua for this new line and for this part of the road that he contemplated taking over.

Q. And were the interchange arrangements made? A. Those were subsequently made. He referred at that time particularly to the question of division on cement traffic,

which by the way is the largest traffic that they originate, and which comes to our line, and which traffic we had been handling via Slatington. He discussed with me the cement proposition of handling the cement via Tamaqua instead of via Slatington. Also some allowances on joint business of the Central Freight Association territory business routing via Tamaqua. I listened carefully to what he had to say, and as I now recall it, he wanted me to give him about sixty cents a ton on the cement, which was a great deal more than we had been paying up to Slatington and a great deal more than he got in connection with any of his other lines, the Lehigh Valley, the Lackawanna and so forth. He also referred to this allowance of two and a half cents, I think it was, on carloads as an arbitrary proposition going through there.

Q. All this had relation to merchandise freight and general interchange? A. Entirely; yes, sir.

Q. Could you agree as to the divisions for your connections to the West? A. Not at all.

Q. Did you have to refer any such question to the lines west? A. Oh, yes.

Q. What does this refer to, "Mr. Russell made a peculiar reservation stating that in case policy reasons interfered with this arrangement the matter would be off." To what did that refer? A. I have no recollection of having used the word "policy." If I did use it, it referred entirely to the business policy of creating divisions with his line. In no sense to any managerial policy of the railroad.

Cross examination.

By Mr. Coudert:

Q. Who was Mr. Fretz? A. He is General Freight Agent of the Lehigh and New England Railroad Company.

Q. The Lehigh and New England Railroad Company, is a defendant in this case and defended here by counsel? A. I do not know.

E. B. CROSLEY, having been recalled, was examined as follows:—

By MR. REYNOLDS:

Q. In the letter which I have just read to Mr. Russell, Mr. Fretz, on page 341 (printed page 174) says, "so far as the shipments from the East Lehigh Colliery" and so forth, then a long omission, "their operating and legal departments were looking into the legality of our company arbitrarily removing this connection." Then with more omissions, "and they did not feel that this action on our part was very friendly and so forth." Then with a lot of more omissions, "the general tone of Mr. Crosley's conversation, to say the least, was decidedly unfriendly on these matters." Do you remember that discussion with Mr. Fretz? A. I remember a discussion with Mr. Fretz. Whether it occurred at that time or not I cannot say, but it was probably about that time.

Q. Referring to the East Lehigh Colliery as this exhibit does, the omitted part shows that the Philadelphia and Reading Railway Company had a track into the East Lehigh Colliery and you were discussing, according to the next omitted paragraph of the letter, the restoration of the original physical connection with that colliery. Who removed that connection? A. The Lehigh and New England Railroad.

Q. Under what circumstances? A. I cannot tell you the circumstances, excepting that it was without any notice whatsoever to the Philadelphia and Reading Railway Company, as I understand it, it was done at night, or on Sunday, or some other time. The first we knew was when the connection was destroyed by the construction force of the Lehigh and New England Railroad. I am not sure it was done by the Lehigh and New England Railroad—it might have been a construction company. But, it was done by whoever were removing their road into Tamaqua.

Q. And the Reading siding just ripped out? A. Yes, sir.

Q. You were unfriendly about this kind of treatment, were you? A. I certainly was.

Q. That is what you were unfriendly about? A. I certainly was.

Q. Do you still feel as though that was an unfriendly act? A. I still feel the same way. I had no reason to change my views on that.

MR. REYNOLDS:—Inasmuch as the Government does not put in the full letter, I will put it in evidence at this point.

The letter identified by the witnesses is as follows:—

"LEHIGH AND NEW ENGLAND RAILROAD COMPANY.

"BETHLEHEM, PA., Aug. 21, 1912.
File B-148, C-11, C-14.

"Mr. Rollin H. Wilbur, Vice Pres. & Gen. Mgr., Philadelphia, Pa.

"DEAR SIR:—I called on the Philadelphia & Reading people yesterday relative to rates and divisions to and from our new extension and the Panther Creek Road; the attitude of the Freight Traffic Department of the Reading was entirely at variance with information they heretofore gave their connections on suggested alignment of new tariffs to and from these points. Mr. Russell, G. F. A. and Mr. Boggs, A. G. F. A., both advised me that so far as they knew, they were not only willing but anxious to interchange traffic with us through Tamaqua Gateway on the same basis of divisions as we made with our other connections, namely, 40 mile blocks with a minimum revenue of 20%. They stated that they would want to put in their whole line through Tamaqua and intimated that they then proposed to cut out the short line, Lehigh Valley and C. R. R. of N. J. routes, they being anxious to not only include our new points, but also our old territory. So far as Central Freight Association and Trans-Continental traffic is concerned, they want to handle such traffic, both east and westbound via the same junction point, and are apparently willing to give us arbitraries of 3½ cents in carloads and 5 cents less carloads. They stated that their fast freight service from Philadel-

phia would land our cars at Tamaqua by midnight, thus giving us ample opportunity to spot cars at the Lansford platform for early morning delivery. They seem very anxious to ascertain the exact location of our Tamaqua freight station, which of course I was unable to give them.

"Mr. Russell made a peculiar reservation, however, stating that in case policy reasons interfered with this arrangement, the matter would be off.

"I called on Mr. Crosley relative to coal matters, who stated to me that they could not consider making any changes in the present method of handling Lehigh Coal & Navigation coal—that he understood there is no change in the situation, so far as the dealing between the Lehigh Coal & Navigation Co. and the Philadelphia & Reading Ry. is concerned, and intimated that he did not believe that either the Lehigh & New England R. R. or the Lehigh Coal & Navigation Co. desired to do anything detrimental to the interests of either party.

"So far as the shipments from the East Lehigh Colliery are concerned, he stated that his company had a track into this colliery, and that their operating and legal departments were looking into the legality of our company arbitrarily removing this connection; that they did not feel that this action on our part was very friendly, and in case they could not restore their original physical connection with the above colliery, they would simply withdraw in the handling of this traffic. The general tone of Mr. Crosley's conversation, to say the least, was decidedly unfriendly on these matters. I suggested to him, that in case we could not get a reasonable arrangement with them, it might just be possible that we would be compelled to use some other methods, which did not seem to disturb him much. He claims that the revenue accorded to the Lehigh Coal & Navigation Co. on local Intra-State shipments is not intended as an Operating revenue only, but he stated it is linked up with trackage and other matters between the Reading Company and L. C. & N. Co.

"So far as proportionate rates to Milton and Harrisburg are concerned, he stated that this was a strictly Intra-State

situation; that the coal was all consigned to the Susquehanna Coal Company at either of these points, freight charges being prepaid, and that there was no Interstate rates effective from any Philadelphia & Reading stations to western points in connection with the Pennsylvania Railroad and intimated that there would be none without a struggle.

"It is evident to my mind that, at least so far as coal is concerned, the policy of the Philadelphia & Reading Railway has not been changed, and that the attitude of Mr. Crosley is dictated by his executive, and that undoubtedly the same stand would be taken by other anthracite carriers on any proposition, looking towards the installation of proportionate rates up to the Pennsylvania Railroad Junction.

"Yours truly,

"(Sgd) T. J. FRETZ,
"General Freight Agent.

"Fk."

Q. On page 335 of the minutes in this case, running to 340 (printed pages 171-173), there are some letters exchanged between yourself and a Mr. F. E. Herriman, the coal traffic manager of the New York Central and Hudson River Railroad Company. Do you remember those letters? A. That is in reference to the rate to Buffalo. This is principally the circumstances in connection with that correspondence.

Q. Is it true or not that all that correspondence simply had to do with the form of a tariff? A. Absolutely. Mr. Herriman thought there were certain things required in the tariff which I did not think were required. That is the sum and substance of that correspondence. That is all there is to that.

Cross examination.

By Mr. Coudert:

Q. You mean a certain amount? A. No, certain notations which he thought should appear on the tariff, and which we thought should not.

Q. Were they charges for trans-shipment? A. They had to do with the trans-shipment rate.

Q. Dock charges? A. I will explain that. We had carried a rate to f. o. b. vessels at Buffalo, which rate was twenty-five cents a ton higher than the local rate to Buffalo, and that twenty-five cents was allowed for the service on trans-shipping the coal into vessels. Therefore, what the Philadelphia and Reading Railway and the New York Central received out of the joint rates was simply the local rate and I thought that it was proper to eliminate that f. o. b. vessel rate, because it meant nothing, and I asked Mr. Herriman whether under our established rate to Buffalo a delivery would not be made by his company to the plant of the coal dock just in the same manner as a delivery would be made to a local dealer in the city of Buffalo, and he said that it would.

Q. But from his company to a local dealer? A. Going from the dock company to a local dealer. Making the same delivery to the dock company that would be made to a dealer's yard in Buffalo.

Q. Without any charge? A. Certainly, under the tariff rate. I do not mean over the dock. I mean a delivery to the dock, or, rather, at the foot of the dock.

Q. That is an unloading delivery of the car? A. No; just a delivery of the car, placing the car on the siding. And he said that it would.

Q. That it would what? A. That the established rate to Buffalo would cover that service. That there was no more service in fact than would be given in delivering on the siding of a manufacturer or any one else in Buffalo.

Q. Whose dock was that? A. I cannot remember the owner of the dock.

Q. You do not remember to whom it belonged? A. I do not know to whom it belonged. I do not know the ownership of the dock at all.

Q. It did not belong to the Reading? A. No, sir. Which Reading do you mean? The Philadelphia and Reading Railway?

Q. Any Reading. A. Not so far as I am aware. It did not belong to the Philadelphia and Reading Railway.

Q. Or to the Coal Company? A. I do not believe that it did.

Q. But you do not know, do you? A. I think I am safe in saying that it did not, but I would not want to say that officially.

Q. But you are not sure? A. No, sir.

Q. Why did you charge twenty-five cents trans-shipment in Buffalo, and forty cents in New York? A. We do not.

Q. What is the fact about that, to your knowledge? A. The twenty-five cents and the forty cents are entirely separate; one has nothing to do with the other whatever. I do not know what you mean by the allowance of forty cents to New York. We do not allow forty cents at New York for trans-shipment on coal.

Q. What do you allow? A. We do not allow anything. Our rate there is f. o. b. vessels.

Q. How about the Buffalo trans-shipment? A. Formerly it had been f. o. b. vessels.

Q. Now it is what? A. Now it is simply the local rate to Buffalo and the shipper or consignee, or whoever may be the proper party, pays the expenses of trans-shipment of the coal.

Q. And that is twenty-five cents? A. I do not know what it is now.

Q. What does this mean, "The above rates on the Port Reading, New Jersey road are subject to a reduction of forty cents per ton shipping allowances at tide, the total of which is paid by P. & R. Railroad out of its proportion of the gross rate?" A. I do not know what that means.

Q. Look at it. A. This is what? I do not know whose exhibit this is.

Q. I ask you the fact. A. The fact of the matter is that there are certain rates published to Port Richmond, local rates, with the Philadelphia and Reading—I will give you just as an example—and when the coal goes into a vessel, the rate is reduced by an amount which appears on the tariff, thereby reducing the rate to a proportional rate because the coal moves beyond by vessel. The same thing applies here.

Q. Is that what that forty cents means? A. Absolutely.

It merely reduces this to a net rate of $1.55 f. o. b. vessels at Port Reading.

By Mr. Reynolds:

Q. It just makes the net rate? A. The Port Reading rate is $1.55 f. o. b. vessels.

By Mr. Coudert:

Q. What does this mean, referring to page 392 (printed page 193) "P. R. R. Railway tariff Interstate Commerce Commission? A 432, taking effect September 13th, 1912, allowances, prepared sizes forty cents, pea coal, buckwheat and buckwheat number two, all forty cents. What does that mean? A. That reduces the rate to Port Reading to a f. o. b. vessel rate, to a proportional rate.

Q. Are those allowances, as you call them, uniform in various places; for instance, if you ship to Buffalo to be put on a vessel, what allowance do you make there? A. No, sir. That allowance merely establishes the net f. o. b. rate at Port Reading.

Q. And is different at various places? A. Yes, sir. It may be. For instance, we want to establish an $1.55 rate F. O. B. vessels at Port Reading. If that rate were $2.00 a ton, and we wanted an F. O. B. rate of $1.55, the deduction instead of being forty cents, would be forty-five cents. If the rate to Port Reading was $1.70, and we wanted an F. O. B. rate of $1.55, the allowance would be fifteen cents instead of forty. That forty cents has nothing whatever to do with shipping expenses or for the services of putting the coal over the dock, or anything of that sort. It merely establishes an F. O. B. rate of $1.55.

Q. And that forty cents is included in the $1.55? A. No.

Q. It would be forty cents plus $1.55? A. Yes, sir. The rate is $1.95, forty cents off of that makes the F. O. B. rate on prepared sizes just $1.55.

Q. Look at that statement, answer to Question No. 31, Interstate Commerce Commission proceedings, and tell me what that item fifty-one thousand is? A. That is at Port Richmond. That means that the Philadelphia and Reading Coal and Iron Company and its various other shippers

have on the coal as it is shipped to Port Richmond paid the local rate, which is what we require that they shall do,—the local rate which applies to Philadelphia.

Q. That is the through rate plus the forty cents? A. This is Port Richmond, not Port Reading. They have paid the local rate just the same as though that shipment was delivered on the tracks at Philadelphia. Then when that is dumped into a vessel, showing that the coal then becomes properly subject to a proportional rate, there is refunded to them the difference between the local rate and the proportional rate, all of which is covered by the tariff. This is no more nor less. A shipment may be consigned, we will say, from Philadelphia to Buffalo at a local rate—any commodity. We will say that rate is $3.00 per ton. That shipment may be re-consigned to Chicago, where the rate is $5.00 per ton, but the proportion for a Buffalo out of a Chicago rate is $2.50 instead of three, as the local rate is. Now, if a shipper has prepaid the freight to Buffalo at $3.00 per ton, and re-consigns it to Chicago, he is clearly entitled to a refund of fifty cents a ton, because he is entitled to the through rate based on the proportion which should apply out of the through rate for a Buffalo as against the local rate. That is all the Port Richmond has to do with it. It has nothing to do with trans-shipping expenses or anything else.

(Adjourned to meet at No. 143 Liberty Street, New York, Tuesday, April 7th, 1914, at eleven o'clock A. M.)

---

143 Liberty Street,
New York City, April 7th, 1914.
11 o'clock A. M.

Present.—The Examiner. Messrs. Coudert and Kingsbury, special assistants to the United States Attorney-General, for Government. Messrs. deForest and Reynolds, representing defendants.

Mr. DeForest:—I offer in evidence certified copy of the charter of the Central Railroad Company of New Jersey and its supplements. I call attention to the fol-

lowing portions thereof, which I offer to be printed in the record with the understanding, in the case of this and any other exhibits offered, that counsel for the other side may take the same course with regard to any parts of those exhibits which they wish to have deemed in evidence.

"An Act to incorporate The Somerville and Easton Railroad Company," approved February 26th, 1847, P. L. of N. J., 1847, page 128.

Section 6 thereof authorized the construction of a railroad from the village of Somerville to the Delaware River opposite to the village or borough of Easton in the State of Pennsylvania.

Supplement to its charter approved February 22d, 1849, P. L. of N. J., 1849, page 90.

Section 1 thereof authorized the purchase of the Elizabethtown and Somerville Railroad constructed under an Act passed February 9th, 1831, P. L. of N. J., 1831, page 333.

Section 3 thereof provided that when said purchase should be made the railroad so purchased should be and become a part of the railroad authorized to be constructed by the Somerville and Easton Railroad Company, and thereafter the said company should be known by the name of The Central Railroad Company of New Jersey.

Further supplement to its charter approved March 17th, 1854, P. L. of N. J., 1854, page 524.

Section 1 authorized said company "to erect, build or extend such wharves, docks, or piers opposite to and adjoining any lands owned by them in the township of Elizabeth, as far in the sound or bay as may be necessary for the purposes of facilitating the transshipment of coal, and their general transporting business and also to have and hold whatever wharves, piers, lands or lots, steamboats, sailing vessels and such other facilities, in the City of New York, or elsewhere, as may be necessary for the management of their business."

Section 3 authorized said company to purchase or lease

or operate any railroad which might connect with or intersect its road.

The company duly filed in writing its assent to and acceptance of all the provisions of this Act in the office of the Secretary of the State of New Jersey on June 5th, 1854.

Further supplement to its charter approved February 23d, 1860, P. L. of N. J., 1860, page 157.

Section 1 authorized said company to extend its railroad from Elizabeth to a point on New York Bay in the County of Hudson at or south of Jersey City.

Section 2 authorized it to construct a bridge over Newark Bay.

Further supplement to its charter approved March 21st, 1874, P. L. of N. J., 1874, page 1176.

Recites that The Central Railroad Company of New Jersey is the lessee in perpetuity of the railroad, branches and works of the Lehigh Coal and Navigation Company in the State of Pennsylvania, and in order to secure a paying business it may be advisable and necessary that said railroad company should guarantee the payment of such bonds as may be issued from time to time by companies owning or working coal land adjacent to any of the said roads or works.

Section 1 authorized the Central Railroad Company of New Jersey to guarantee the payment of bonds of any coal company or companies owning or working coal lands along the line of or adjacent to any of the railroad's branches or works in the State of Pennsylvania so held by lease by the said company, and in which lands the said company may or may not have an interest.

MR. DEFOREST:—I offer in evidence a statement of the assets of the Central Railroad Company of New Jersey, as per balance sheet of April 1st, 1851, and also the liabilities as per the same balance sheet.

It is understood that the Government reserves a general objection as to relevancy and materiality, but not as to the manner of proof, of these exhibits.

The statement is as follows:—

ASSETS, PER BALANCE SHEET OF APRIL 1ST, 1851.

Railroad.		
Grading	$128,207.61	
Land damages	83,974.27	
Iron rails	152,249.80	
Masonry	44,000.00	
Engineering	12,559.21	
Law expenses	1,340.72	
Depots, shops, &c.	26,125.00	
Land at Elizabethport	18,089.88	
Elizabethtown & Somerville R. R. purchase	550,099.00	
Construction, Somerville to White House	246,236.83	
Construction, White House to Phillipsburg	30,000.00	
		$1,292,882.32
Equipment, Railroad.		
Engine Account	$30,000.00	
Car Account	30,000.00	
		60,000.00
ELIZABETHPORT & NEW YORK FERRY.		
Steamer "Red Jacket"	$40,000.00	
Capital Stock	110,188.00	
Improvements	373.67	
		150,561.67
Materials.		
Wood	$1,600.00	
Coal	340.00	
		1,940.00
Cash		1,643.09
		$1,507,027.08
Interest		17,014.59
		$1,524,041.67

LIABILITIES PER BALANCE SHEET OF APRIL 1ST, 1851.

Capital Stock		$892,250.00
Funded Debt.		
Somerville Mortgage Bonds	$42,000.00	
Somerville Bonds payable.,	109,000.00	
Central Mortgage Bonds..	463,000.00	
		614,000.00
Miscellaneous.		
Bills Payable	$4,000.00	
Elizabethport & New York Ferry Co.	11,203.96	
Jas. Laurie, C. E.	1,674.21	
Interest-Dividend No. 4...	913.50	
		17,791.67
		$1,524,041.67

MR. DEFOREST:—I offer in evidence a similar statement showing the assets of the same railroad company as per balance sheet of December 31st, 1870, and also its liabilities.

Government notes the same objection and reservation.

ASSETS PER BALANCE SHEET OF DECEMBER 31ST, 1870.

Railroad.

Railroad	$7,764,112.25	
Station houses	546,035.39	
Land in New York City...	168,121.62	
Docks in New York City ..	344,556.21	
Jersey City Station	964,448.10	
Pt. Johnston Coal Station.	695,076.01	
Elizabethport Station	300,146.10	
Somerville purchase.	30,231.25	
Phillipsburg purchase.	60,291.09	
Telegraph Line.	5,239.93	
		$10,887,257.95

Equipment, Railroad.

Engines.	$1,193,000.00	
Passenger Cars.	507,000.00	
Freight Cars.	316,000.00	
Coal Cars.	658,000.00	
Machinery, Tools, &c. . . .	168,848.23	
		$2,842,848.23

ELIZABETHPORT & NEW YORK FERRY.

Capital Stock.	$49,046.10	
Ferry Boats.	525,000.00	
Bergen Point Wharf.	10,508.61	
		584,554.71

Materials & Miscellaneous Property.

Wood.	$48,985.56	
Coal.	20,404.99	
Rails.	44,958.68	
Ties.	20,875.08	
Chairs & Spikes.	12,191.85	
Workshop Material.	108,681.70	
Miscellaneous.	40,000.00	
		296,097.86

Investments in Sundry Properties.

American Dock & Impt. Co. Stock.	$1,500,000.00	
Newark & New York R. R. Co. Stock.	750,000.00	
Newark & New York R. R. Co. Account.	705,217.17	
Union Central Coal & Iron R. R.	23,010.90	
Central New Jersey Land & Impt. Co.	2,022,389.77	
New Jersey Stock Yard & Market Co.	73,614.49	
South Branch R. R. Co. . . .	1,394.37	
		5,075,626.70

Cash & Miscellaneous Accounts.

Cash	$5,540.02	
General Passenger Agent	16,013.96	
General Freight Agent	85,669.93	
Commission Account	608.11	
Post Office Dept	3,943.10	
Hope Express Co	287.00	
Roselle Land & Impt. Co	127.63	
New Boston Coal Co	160.50	
Del., Lack. & Western R. R. Co	49.22	
Phila. & Erie R. R. Co	256.95	
Oil Creek & A. V. R. R	1.48	
		$112,657.60
		$19,799,043.35

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY.

LIABILITIES PER BALANCE SHEET OF DECEMBER 31ST, 1870.

Capital Stock		$15,000,000.00

Funded Debt.

1st Mortgage Bonds	$140,000.00	
2nd Mortgage Bonds	254,000.00	
Mortgage Bonds of 1890	2,837,000.00	
Bonds and Mortgages payable	30,500.00	
		3,261,500.00
Temporary Loans		916,334.29

Miscellaneous.

Interest Fund.	$90,500.00	
Interest, 1st Mortgage Bonds	4,296.25	
Interest 2nd Mortgage Bonds.	894.25	
Interest Mortgage Bonds of 1890.	448.00	
Dividends.	164,690.50	
Dividends—South Branch R. R. Co.	6,230.20	
Dividends—Ferry.	246.00	
Paymaster.	2,611.60	
American Dock & Improvement Co.	341,354.61	
		$611,271.41
		$19,789,105.70
Renewal Fund (Profit & Loss).		9,937.65
		$19,799,043.35

MR. DEFOREST:—I offer in evidence a summarized statement of the capital stock of the Central Railroad of New Jersey at various dates between 1851 and 1871.

Government notes the same objection and reservation.

CAPITAL STOCK—AT VARIOUS DATES, PER BALANCE SHEETS.

1851—April 1.	$892,250.00
1852—April 1.	954,000.00
1853—April 1.	1,034,700.00
1854—April 1.	1,679,935.00
1855—April 1.	2,000,000.00
1856—April 1.	2,000,000.00
1857—April 1.	2,000,000.00
1858—April 1.	2,000,000.00
1859—April 1.	2,200,000.00
1860—January 1.	2,412,000.00

1861—January 1.	$3,630,000.00
1862—January 1.	3,630,000.00
1863—January 1.	3,630,000.00
1864—January 1.	4,620,160.00
1865—January 1.	6,500,000.00
1866—January 1.	10,685,940.00
1867—January 1.	13,000,000.00
1868—January 1.	13,768,600.00
1869—January 1.	15,000,000.00
1870—January 1.	15,000,000.00
1871—January 1.	15,000,000.00

MR. DEFOREST:—I offer in evidence extracts from the reports of the Board of Directors of the Central Railroad Company of New Jersey showing development of its railroad and connections as follows:—

Government notes the same objection and reservation, and the additional objection that these are self-serving declarations.

REPORT APRIL 1, 1853.

On July 2, 1852, the road was formally opened from Elizabethport through to Phillipsburg opposite Easton. At Phillipsburg an octagonal stone engine house for sixteen locomotives, and large passenger, freight and car houses have been erected, and the main track is being extended down to the railroad branch now erecting over the Delaware River by the Lehigh Valley Railroad Co.

The Lehigh Valley road (late known as the Delaware, Lehigh, Schuylkill and Susquehanna Railroad) has been put under contract and considerable progress made in its construction. The whole of the money required having been secured it will certainly be completed by July, 1854, thus opening the rich Lehigh Valley and bringing the coal and iron of that district in direct connection with New York. The advantages of this road for the transportation of coal will be singularly great, the entire distance from the mines to South Easton having descending

or level grades in the direction of the traffic. The Catawissa Railroad is also under contract and constructing as rapidly as full force can work—the managers intending to have the whole completed to its junction with the Sunbury & Erie Road by the first of May next. The last named road is in such a position as to give a fair prospect that a direct line of 462 miles from New York to Erie, on Lake Erie will be completed at an early day. The necessary legislation has also been obtained for a connection with Pittsburgh and the Pennsylvania Central Railroad, over the road of the Dauphin Coal Company.

The line from your road at New Hampton, by the Delaware Water Gap, Scranton and Binghamton, through the Lackawanna coal region, to Oswego, on Lake Ontario, is also in a very forward state.

The part from New Hampton to Scranton will be completed in the Fall of 1854. The remainder of the route is either in operation or nearly ready; so that the filling in this link will at once open to this company not only the Lackawanna region, but also the trade of Northern New York, Lake Ontario and Canada. By authorized consolidations this line has been reduced to three companies, namely, your company, the Delaware, Lackawanna and Western and the Oswego, Syracuse and Binghamton Railroad Companies. An important feeder to this route will also be found in the line from Owego to Little Sodus Bay, on Lake Ontario, part of which, from Owego to Ithaca, has been several years in operation.

This position of things renders almost imperative the immediate construction of a second track from Elizabethport to Somerville.

REPORT APRIL 1, 1854.

The map prefixed to this report has been carefully prepared with reference to geographical accuracy to show not only this line and its connection, but also the principal lines in New Jersey, Pennsylvania and New York.

The progress of work on the Lehigh Valley Railroad

from Easton to Mauch Chunk and the Lehigh coal fields has not been as rapid as expected, and it is now certain that it will not be opened in July according to the terms of the contract. The managers of that work are confident that it will not be delayed beyond the Fall, and every exertion is using to hasten its completion. Had the bridge over the Delaware River at Easton and the rock cut at the same place been completed this Spring the cars would now have been running to and beyond Allentown, but as this is, unfortunately, the ruling point on the road the whole work will be kept back until its completion. The opening may be safely counted on before the Winter sets in. In view of the present scarcity of coal it is of immense importance to many interests besides those of the two companies that such should be the case.

A connection with Pittsburgh and Ohio, over the Pennsylvania Central Railroad, has been further advanced by the completion of the Dauphin Railroad from Harrisburg to Port Clinton, leaving to be supplied only the gap of 33 miles from Port Clinton to Allentown on the Lehigh Valley Railroad.

The Catawissa Road, west of the Lehigh Valley Road, will be shortly open, but the latter must be extended from Mahoning Creek to Tamaqua to meet it before any advantage can be derived from this travel.

The Warren Railroad, diverging to the northwest from Hampton Summit, to connect with the Delaware, Lackawanna and Western Railroad, is now under contract and a construction vigorously commenced. The construction of the southern division of the Delaware, Lackawanna and Western from the Delaware River, where it intersects the Warren road, to Scranton, where the northern and finished division of the road terminates, will be finished simultaneously with the Warren road. Long before these two roads are open, the Oswego, Syracuse and Binghamton road will be in operation from Oswego down to the Erie Railroad, and the business from Lake Ontario be brought over that new avenue ready on the completion of the Lackawanna and Warren roads, and the lay-

ing of the third rail on the Central Road, to become a new and important element of traffic to the latter. A contract between the Lackawanna, Warren and Central roads has been made, ensuring harmony of action and a fair division of receipts. (Agreement of January 27th, 1854, hereinafter referred to.)

The distances on these various routes were given in the report made in 1852; but as all the stockholders may not have this to refer to, and as some of the distances have since been more accurately ascertained, we repeat them.

1. New York to Lehigh Coal Mines.

New-York to Easton, via. Central R. R. of N. J.	75 miles
Easton to Mauch Chunk, via. Lehigh Valley R. R.	46 miles
Mauch Chunk to mines, via. Beaver Meadow R. R.	17 miles
Total.	138 miles

2.—New York to Erie.

New York to Easton, via. Central R. R. of N. J.	75 miles
Easton to Mahoning Cr., via Lehigh Valley R. R.	42 miles
Mahoning Cr. to Tamaqua via. Lehigh Valley R. R.	18 miles
Tamaqua to Milton, via. Catawissa R. R.	72 miles
Milton to Erie, via. Sunbury and Erie R. R.	257 miles
Total.	464 miles
Erie to Cleveland	95 miles

3.—New-York to Cleveland.

New York to Milton, via. Central, &c., as above.	207 miles
Milton to Ridgway, via. Sunbury and Erie R. R.	149 miles
Ridgway to State Line, via. Venango R. R.	120 miles
State Line to Cleveland, via. Mahoning R. R.	70 miles
Total.	546 miles

4. New York to Pittsburgh.

New York to Easton, via. Central R. R. of N. J.	75 miles
Easton to Allentown, via. Lehigh Valley R. R...	16 miles
Allentown to Port Clinton, via. Allentown R. R..	33 miles
Port Clinton to Penn. Central, 9 miles above Harrisburg, via. Dauphin R. R.....	57 miles
Junction to Pittsburgh, via. Pennsylvania Central R. R.	238 miles
Total.....	419 miles

5.—New York to Lackawanna Coal Mines.

New York to Hampton, via. Central R. R. of N. J.	60 miles
Hampton to Delaware River, via. Warren R. R..	18 miles
Delaware River to Scranton, via. Delaware, Lackawanna and Western R. R.....	61 miles
Total.....	139 miles

6.—New York to Oswego and Lake Ontario.

New-York to Scranton, via. Cen'l, &c., as above.	139 miles
Scranton to Great Bend, via. D. L. and W. R. R.	48 miles
Great Bend to Binghamton, via N. Y. & E. R. R.	14 miles
Binghamton to Syracuse, via. Syracuse and B. R. R.....	80 miles
Syracuse to Oswego, via. Oswego and S. R. R..	35 miles
Total.....	316 miles

At the recent session of the legislature a further supplement of the charter was granted, empowering this Company to hold whatever wharves, piers, lands or lots, steamboats, sailing vessels and other facilities in the City of New York or elsewhere, which may be necessary for the management of their business and giving it the right to extend piers to deep water at Elizabethport, and to increase the capital from time to time to five million dol-

lars. This Company can now, from time to time, obtain the requisite means for the enlargement and extension of their enterprise by an issue of stocks instead of bonds.

Without a single connection open the business is steadily increasing in all its departments, and from every point at a rate which would soon give a liberal return on all the capital invested. In the Fall the Lehigh Valley road, without proportionately increasing the expenses, will bring its large business to this road. In the following year the Lackawanna route will open. Within a few years at furthest, the two avenues to the west, via the Pennsylvania Central and the Sunbury and Erie roads, will also be in operation.

The Company have a route resting on New York and running directly west with a variation of only a few miles from an air line; existing not in the shape of a promising enterprise, but of a road already built, equipped and running and free from financial difficulties. Add to this, that all grades coming east are reduced to 21 feet to the mile: and that, as the gauge conforms to the ordinary 4 feet 8½ inch gauge of Pennsylvania and New York, the convenience of companies will be the only limit to the transportation of passengers and freight without change of cars. All these circumstances combined give an exceedingly favorable aspect to the prospects of the company, and it would seem that the developments of the future can scarcely fail to meet the wishes of the stockholders.

REPORT APRIL 1, 1855.

Preparations for laying a third rail on the present track, to furnish the six foot gauge required for the Lackawanna connections at New Hampton, have been commenced, and the cross ties needed for this work and for the second track, are either on hand or already laid. Arrangements have also been made at the western end of the road for the Lehigh Valley Railroad connection.

The connecting lines are still unopened—the pressure of the times having retarded, though it could not stop, their progress.

The Lehigh Valley Railroad is now so far advanced that the portion from Easton to Allentown will be opened next month. The bridge over the Delaware River is almost completed and about half the track already laid, and the engineers rely on having the whole road open to Mauch Chunk during the month of July. Extensive preparations for business are making in that region, in anticipation of this new outlet.

It is of great importance to the Central Road, as well as to the Lehigh Valley road that immediate steps be taken to extend the latter to a junction with the Catawissa and Sunbury and Erie roads at Tamaqua. The distance is only 18 miles and the work of an easy character.

No definite action has yet been taken by the managers of the Allentown Railroad to supply the link via Dauphin and Pennsylvania Central Roads to Pittsburgh, but the route has been re-surveyed and friends of the enterprise are preparing to commence the road this season.

REPORT APRIL 1, 1856.

During the past year a large amount of work has been done on the road. The third rail for the broad gauge connection with the Lackawanna road has been placed on the present track as far as Hampton, and on the second track as far as laid, and the substitution of long ties on that part of the road principally completed.

The present year will, without accident, see a complete double track in operation between Elizabethport and Hampton, 48 miles.

At Elizabethport the construction of track, wharves and buildings has been continued and a large amount of grading and filling done at moderate cost. An additional and very valuable tract of land, including the water front, and lying east of the company's land, has been secured; and immediately contiguous to this the Delaware, Lackawanna and Western Railroad Company have purchased a large tract, and established there their coal depot. All coal, lumber, &c., from the Lackawanna region are

brought to Hampton in their cars, hauled over our road by our engines and delivered on their grounds. All wharves, tracks, &c., required are furnished by them. Those arrangements, by relieving this Company from a large outlay for cars and a terminus, enable us to do a very large business from the Lackawanna region, with a trifling additional investment after the second track and the third rail on the two tracks are provided.

It also facilitates very much the necessary separation of the broad gauge business from that of the Central Road and the Lehigh Valley Railroad and its connections, which is done on the narrow gauge.

The Lehigh Valley Railroad was opened through from Easton to Mauch Chunk, 46 miles, in September last, thus giving a continuous line from the Lehigh coal fields to Elizabethport. Distance from Mauch Chunk to Elizabethport, 109 miles; to New York, 121 miles. The mines are about 17 miles above Mauch Chunk. As yet this road has done little business, having a very insufficient equipment, and laboring under some other disadvantages; but when these difficulties are removed, it cannot avoid doing a large and profitable business, as it has all the advantages derived by the Reading Road from a level or descending grade throughout its entire length, is likely to be without a rival in its location, and will have the benefit of many outlets for its coal and many feeders for its business. When its main line is extended from Parryville, 6 miles below Mauch Chunk, to Tamaqua, where it intersects the Catawissa Road, a distance of 16 miles only, a large through business from the Sunbury and Erie Road will be brought over it to the Central Railroad of New Jersey. This work is entirely within the ability of the company to complete, as soon as their business is developed.

The link of road from Allentown westward, to connect with the Pennsylvania Central Railroad and thus form an air line of unbroken gauge from New York to Pittsburgh, still remains to be supplied. Important as this enterprise is to the country through which it will pass, a country rich in soil, in cultivation, in minerals, in everything but ave-

nues to a market; to the city of New York and the Western States, brought by this channel into more intimate connection; and to the Central Railroad of New Jersey, which it will supply with an entirely new source of traffic; it cannot be much longer delayed.

The Delaware, Lackawanna and Western Railroad and the Warren Railroad, together forming the line from Hampton Summit to Scranton, in the Lackawanna coal basin, the youngest in charter and latest in commencement among the coal roads, was opened throughout its entire length on the 27th May just past, and is now in successful operation. Already the passenger, freight and coal business of this road begin to develop, and it is believed by its friends that its success will be immediate. Every effort has been made and is making, by the Central, to give them every facility consistent with proper economy, and it is hoped that the relations of the companies will be as friendly as their business connections will be intimate.

The company have now a line complete from New York, through the Lackawanna coal field, to Oswego on Lake Ontario.

They have a line complete from New York to Mauch Chunk and the Lehigh coal fields.

Forty miles built will make an air line of unbroken gauge to Pittsburgh, and also bring in the Schuylkill coal.

Eighteen miles built will make a connection of unbroken gauge with the Sunbury and Erie Road.

Schuylkill, Lehigh and Lackawanna coal will be the same distance (say 125 miles) from Elizabethport.

REPORT APRIL 1, 1857.

At Elizabethport a branch road of over two miles was constructed through Port Avenue to give access to the Lackawanna coal wharves; at New Hampton a turntable and an engine house capable of holding six engines were constructed. At the junction with the Warren road in the deep cut at the summit elevation, the grade of the north track and of the siding has been lowered about seven feet.

to conform to the grade of that road. The company will make grading down the south track to correspond. At Phillipsburg additional side tracks were put down. The company are now constructing some three quarters of a mile of second track from the end of the bridge over the Delaware River to give more room for the coal and iron trains at the end of our road and junction of the Lehigh Valley Railroad. A siding for freight trains has been graded and a station house for passengers and freight erected by our company on the Lehigh Valley Railroad at the bridge over the Lehigh at Easton.

The present amount of side tracks at the junction of the Warren Road is insufficient and at least as much more will be required to give proper accommodations to both companies.

When the second track, side tracks and other improvements proposed are completed, the engines ordered upon the road, and a large freight boat upon the ferry, the company will be prepared, in every way, to accommodate all the business that may be offered to them the coming year.

The Lehigh Valley Railroad has been steadily increasing its facilities for doing business, and is now fairly established, though neither passengers nor merchandise are yet coming from this quarter in such amounts as may be expected hereafter. The transportation of pig iron has been 18,756 tons; and of Lehigh coal 46,975 tons.

The opening of the Delaware, Lackawanna and Western Road was announced in the last report. Not much was done before July, but since that time a large business has been brought on your road from this connection. The transportation of merchandise has been 17,705 tons; and of Lackawanna coal 150,115 tons.

Nothing has been done towards extending the main line of the Lehigh Valley Road to Tamaqua, but another company has been formed to accomplish the same results—a connection with the Sunbury and Erie Railroad by a different route, intersecting the Beaver Meadow Road and bringing the business over the entire length of the Lehigh Valley Road.

Active preparations are making to put the Allentown Road under contract. The original plan of a connection by the Dauphin Road with the Pennsylvania Central is now extended to include also a branch to Reading, and thus a connection with the Lebanon Valley Railroad.

For several years past the company have been spending large sums on the road and its appurtenances, and preparing in advance, for the business which it was known must be brought upon the route as soon as the connecting lines were opened. The delay in the completion of these roads made a corresponding delay in realizing a return on these outlays, but that time is now past. The facilities for doing a large business exist and are paid for, and the business is now coming. For the last nine months the increase has been large, and this increase may be expected to continue regularly. With every year the condition of the company will improve.

REPORT APRIL 1, 1858.

During the past year the construction of the second track from Elizabethport to Hampton, the junction with the Warren road, has been entirely completed.

With the exception of a very small amount of ballasting, the work of construction is at length brought practically to a close, and the company have 48 miles of double track with three rails in each track and 15 miles of single track in perfect order thoroughly ballasted and fit to stand comparison with any road in the country.

Another coal wharf has been erected at the Port for the shipment of Lehigh coal and the wharf erected last year has been enlarged and improved. There are now three wharves for the shipment of Lehigh coal and five for Lackawanna.

A large freight boat, the "Kill Van Kull," has been built and placed on the ferry at an expense of $75,000.

The Lehigh Valley Railroad continues to increase its coal traffic and is rapidly establishing itself among the great coal avenues. The passenger and freight traffics are comparatively neglected, nor are they likely to increase materi-

ally until avenues for the business from the West are opened. The Delaware, Lackawanna and Western Railroad, notwithstanding the low price of coal, are transporting large quantities; all of which passes over this road to tide water at Elizabethport, except such as is required for local use on the Morris Canal.

The road from Reading to Allentown, now known as the East Pennsylvania Railroad, has gone on steadily and the company are sanguine of opening a direct communication between New York and Pittsburgh late in the Fall.

REPORT OF APRIL 1, 1859.

Three new wharves for shipment of Lehigh coal at Elizabethport have been put under contract to be completed in the Summer, and will double the facilities for that branch of our business. The Lehigh Valley Railroad and the Delaware, Lackawanna and Western Railroad both continue in successful operation, more particularly as coal roads. On both, the transportation of coal is assuming a magnitude that shows that the advantages that would be possessed by eastern outlets from the great Pennsylvania coal fields have not been over-estimated. On both the development of passenger and freight traffic has been in a measure neglected and to these causes, partly, the rapidity with which the former business outstrips the two latter, on our own road, is to be ascribed.

The East Pennsylvania Railroad, extending from Allentown to Reading, is just completed, and will commence business early in May. The long-talked-of direct line to Harrisburg, Pittsburgh and the West, without break of gauge, is thus become a reality; but it is not intended to put on any but local trains for some months, to give time for the road to be thoroughly adjusted, and everything in good condition for running express trains. The local business on this road and from the Lebanon Valley will be very large, and will give the company a remunerative business, independent of through business, while the great interest shown in the line by the Western States is a guarantee that, when put in

operation as one of the routes to the West, it will command its full share of business.

The year just closed has been, to the Company, one of continued prosperity and success. The remarkable geographical position of the road has secured a remunerative business, which gives every promise of continuing steadily to develop. The favorable returns of the present year are made in a season of dullness and depression in every branch of business, and of stagnation in the coal trade.

REPORT OF JANUARY 1, 1860.

Three new coal wharves have been built at Elizabethport, purchases of land made, ground filled and docks prepared for the more extensive shipping of iron.

Both the Lehigh Valley Railroad and the Delaware, Lackawanna and Western Railroad Companies continue eminently prosperous and the increase of coal business from each has been shown. Their contributions to our passenger and freight business have very much improved.

The East Pennsylvania Railroad is now in successful operation as a local road. Negotiations are pending with this and the other connecting lines to Harrisburg to establish a great middle route to the West.

REPORT OF JANUARY 1, 1861.

Additional dock facilities have been provided at Elizabethport.

At the last session of the Legislature the supplement so often applied for was at last granted and authority was thereby given to this Company to extend their road from Elizabeth to the Hudson River. In many respects the charter is very favorable and gives every proper facility for selecting the best route and obtaining suitable terminal facilities.

Trains to and from Harrisburg, including a morning express line to that place, have been run with success, and the cattle trains have been taken through as an experiment.

REPORT OF JANUARY 1, 1862.

It has become highly desirable to extend the second track from Hampton Junction, where it now terminates, to Easton. The distance is 15 miles, of which about 12 miles remain to be graded. Part of this work will be very heavy and will take some time, but the first 7 miles require but little time or expense, except the ballast or superstructure. The track will be laid as rapidly as sections are completed, very much to the relief of trains on the western end of the road.

Unexpectedly to this Company they were called on by the Government early in the Summer to transport large bodies of troops to Baltimore and Washington by the way of Harrisburg; between 26,000 and 27,000 in all have been thus taken, and large amounts of freight have also been taken for the Government.

The business from the Delaware, Lackawanna and Western R. R. has been very good considering the times; that from the Lehigh Valley Railroad, aided by its connections, has been still better maintained. An express passenger line east and west has been run in close connection with the Pennsylvania Central Railroad and well sustained.

REPORT OF JANUARY 1, 1863.

During the past year active preparations have been making for extending the road from the curve in the track east of Elizabeth where it turns down towards Elizabethport across Newark Bay to Bergen Point and from thence northeast to Jersey City. The location across the Bay has been filed and the bridge put under contract, the construction commenced and good progress made. The right of way has been principally secured and extensive preparations of lands and water rights made that will give the Company facilities for a most unbounded business of any and all descriptions.

To build the extension to Jersey City, provide extensive docks and ferries for business, complete the double track and add largely to the equipment of engines and

cars, including the company's proportion of cars for the Lehigh Coal trade, will require a large outlay. To meet this it is proposed to apply to the stockholders soon for authority to increase the capital to $5,000,000.

From the Lehigh Valley road, at Lizard Creek, an important road is building rapidly, intended to bring Schuylkill coal across from Schuylkill Haven to the Lehigh Valley, and so down to Elizabethport, the operators in that coal field feeling sensibly the want of a direct outlet to New York Bay.

The Penn Haven and White Haven Railroad is also constructing as an extension of the Lehigh Valley Railroad along the Upper Lehigh, completing the line of roads into the Wyoming Valley at Wilkes-Barre. A large addition of coal tonnage is looked for by them from this enterprise.

To give an idea of the rapid growth of business from the Lehigh Valley and its connections, the following comparative table is added.

	Passengers.	Merchandise.	Coal.	Total.
Lehigh Connection..	$72,404.30	$228,589.81	$366,108.50	$667,102.61
D. L. & W. R. R. Connection.....	18,370.96	94,616.40	295,172.35	408,159.71
			Other Sources.	
Local business.....	139,530.15	158,770.90	24,023.25	322,324.30

The business derived from the Lehigh Valley connection is thus shown to be forty-six per cent. of the whole business; from the D. L. & W. connection, twenty-eight per cent., and the local business twenty-six per cent.

REPORT OF JANUARY 1, 1864.

The extension from Elizabeth to Jersey City has been pushed as vigorously as possible. The bridge across Newark Bay is far advanced toward completion.

Considerable progress has been made with the bulkhead and filling for the company's station grounds on the mud flats below Jersey City.

It is difficult as yet to fix the time when the trains can run through to Jersey City. It will not, however, be long before the passenger trains can be passed over. To move the freight business from Elizabethport is a more serious undertaking, will take longer and be gradual in the transition. Much as the company need this outlet to meet the pressure of old business enlarging and new business offering, yet the amount of preparation still to be made is considerable before they can do their whole business there in a satisfactory manner. With the lands and the water front that have been secured, it is believed that no company can offer such terminal facilities for business as this will be able to do when their works are further developed.

REPORT OF JANUARY 1, 1865.

The extension of the road from Elizabeth to Jersey City was formally opened on the 2d of August (1864) and the passenger trains have since run regularly over the road.

Since the opening of the extension the through passenger business in connection with the Pennsylvania Railroad has been perfected by doubling the trains, and they are now running regularly with sleeping cars and every convenience. A large increase in travel has been the result and the route has rapidly gained in favor.

REPORT OF JANUARY 1, 1866.

During the year the work on this important part of the road has been steadily prosecuted, while the passenger trains have run regularly over it. A portion of the freight business has also been transferred to Jersey City, but the amount that could be so shifted prior to the close of the fiscal year was unimportant. The bulkheads and filling at the Jersey City terminus have been carried on as rapidly as possible, and now (March) a large area is reclaimed and covered with buildings and passenger and freight tracks, and the merchandise and miscellaneous freight coming in narrow gauge cars will soon be all trans-

ferred to this place. The economy and expedition with which freight can here be handled will soon justify the large expenditures for land and work made to secure such an outlet, the intention being to save one handling and a great part of the risk of damage and loss, by direct transit between the cars and the owner's warehouse. The broad gauge freight must continue at Elizabethport for the present till a third rail has been laid to Jersey City, or other arrangements made.

The work on this wharf (Port Johnston) is being pushed on as fast as possible. The storage part of the wharf is 1150 feet long, making the length of the whole wharf 2650 feet, with a storage capacity of 100,000 tons.

It is now expected to commence shipping over this wharf in May, when the most beneficial effects in the company's Lehigh coal trade may be expected.

The capacity of the wharf for business is estimated at more than all the Lehigh coal wharves at Elizabethport combined; and in addition there will now be ample room for depositing coal that can not be immediately shipped.

The land agents of the company are purchasing additional land wherever the right of way is less than 100 feet in width.

About 200 feet of water front having been secured in New York city opposite Liberty and Cedar Streets, and immediately south of Cortlandt Street Ferry to Jersey City, the company have erected thereon large and commodious structures suited to the expeditious transit of passengers and vehicles.

REPORT OF JANUARY 1, 1867.

Though the second track is now in use over the entire road, yet it has been found necessary to commence work at certain points for the third track.

One of the large piers at Jersey City has been covered with a building to facilitate the transfer of freight coming or going by water. Additional buildings and several miles of track have been added at the same place, and many acres of land prepared for business.

During the past season an extensive establishment for the purchase and sale of cattle, and for slaughtering on the most improved modern plans, has been built and put in active operations on forty acres of meadowland, just south of Communipaw, by a company chartered for that purpose.

REPORT OF JANUARY 1, 1868.

At Spruce Run additional track room is providing for the Lackawanna coal trade.

The new facilities for coal at Port Johnston have continued to be developed and improved. More than half the Lehigh coal brought over the road during the past year was shipped at this point, and the additional room and economical handling at this place have been a great advantage to the trade. To facilitate the consolidation of Lehigh coal at Port Johnston a second large wharf has been put under contract. Improvements in the storage wharf tracks have also been made.

The Delaware, Lackawanna and Western Railroad Company have under consideration a plan for the removal of a portion at least of their coal business to Jersey City.

The well-constructed road of the Lehigh Coal and Navigation Company on the north side of the Lehigh is now nearly ready to open for business. No new region is opened by this road, but more perfect facilities will be given to the country through which it passes, and a large amount of business will undoubtedly be developed as well as a certain amount of that already in existence diverted from the canal to this railroad.

REPORT OF JANUARY 1, 1869.

The track connections with the Lehigh and Susquehanna Railroad at Phillipsburg were completed during the year.

REPORT OF JANUARY 1, 1870.

During the year 2700 feet of third track has been laid for the accommodation of Scranton coal trains between Spruce Run and Glen Gardner; the graduation and ma-

sonry for 2700 feet of side track has been laid at junction. 4100 feet of fourth track has been laid between Clinton and Highbridge and 9000 feet of third track has been laid between Bay Bridge and Spring Street in Elizabeth, and new coal wharf, including the canals, tracks, etc., has been constructed at Port Johnston.

REPORT OF JANUARY 1, 1871.

The coal tonnage over the road since the transportation of coal was commenced, has been as follows:—

	Lehigh. Tons.	Lackawanna. Tons.	Total. Tons.	Inc. or Dec.
1856	33,325	98,670	131,995	131,995 Inc.
1857	84,841	209,950	294,791	162,796 "
1858	122,923	417,726	540,649	245,858 "
1859	183,277	455,681	638,958	98,309 "
1860	263,906	590,863	854,769	215,811 "
1861	254,345	568,869	823,214	31,555 Dec.
1862	314,195	502,375	816,570	6,644 "
1863	435,927	613,954	1,049,881	233,311 Inc.
1864	474,221	675,743	1,149,964	100,083 "
1865	509,819	494,687	1,004,506	145,458 Dec.
1866	511,076	778,173	1,289,249	284,743 Inc.
1867	513,425	855,620	1,369,045	79,796 "
1868	765,657	853,188	1,618,845	249,800 "
1869	733,485	822,567	1,556,052	62,793 Dec.
1870	997,504	1,054,680	2,052,184	496,132 Inc.
	6,197,926	8,992,746	15,190,672	

The following table shows the receipts, expenses and net earnings, from the beginning of the annual reports to the Legislature, to the present time:—

	Receipts.	Expenses.	Net Earnings.
1853	$349,018	$197,629 or 57 p. c.	$151,389 or 43 p. c.
1854	378,145	197,349 or 52 "	180,796 or 48 "
1855	393,729	208,856 or 53 "	184,873 or 47 "
1856	553,479	258,308 or 47 "	295,171 or 53 "
1857	682,314	340,502 or 49 "	341,812 or 51 "
1858	[illegible]	345,614 or 42 "	491,320 or 58 "
1859	971,702	385,716 or 39 "	585,986 or 61 "
1860	1,185,818	475,457 or 40 "	710,391 or 60 "
1861	1,201,895	522,452 or 43 "	679,443 or 57 "
1862	1,397,586	623,245 or 44 "	774,341 or 56 "
1863	1,941,976	814,732 or 42 "	1,127,244 or 58 "
1864	2,537,185	1,231,554 or 49 "	1,305,631 or 51 "
1865	3,036,390	1,748,434 or 57 "	1,287,956 or 43 "
1866	3,581,244	1,963,976 or 55 "	1,617,268 or 45 "
1867	3,350,398	1,878,022 or 56 "	1,472,376 or 44 "
1868	3,729,412	2,379,192 or 64 "	1,350,220 or 36 "
1869	4,010,121	2,642,163 or 66 "	1,367,958 or 34 "
1870	4,393,514	2,512,217 or 57 "	1,881,297 or 43 "
	$34,530,890	$18,725,418 or 54 "	$15,805,472 or 46 "

The cost of the railroad, double-tracked, with its coal wharves, station houses, shops, and other appendages, stand at $10,630,122.60, and that of the equipment at $2,674,000.

A very large addition to the coal traffic is the principal feature of the year's business, being an increase of nearly one-third. Part of this increase has been owing to the long continued strike in the Schuylkill region, which left the entire demand for hard coal to be supplied from the Lehigh and Lackawanna regions; but the whole business is rapidly growing, and the increase promises to hold good. Large additions to the shipping facilities will be required at Port Johnston, and coal wharves and coal yards will also have to be provided at Jersey City.

Lehigh and Susquehanna Railroad.

Since the close of the year 1870, a most important negotiation has been commenced and perfected for the lease of the Lehigh and Susquehanna Railroad and branches. This road extends from the terminus of the Central at Phillipsburg, up the Lehigh Valley, and across the mountain range into the Wyoming Valley; the main road being 105 miles in length, while the branches, sidings and double track, bring the length of track up to 252½ miles. The contract is perpetual, and practically carries the terminus of the road into the heart of the finest Lehigh and Lackawanna coal regions, with a certain command of a steady supply of coal from the extensive coal lands owned or controlled by the Lehigh Company. Printed copies of the lease will be sent to the stockholders. Attention is drawn to the fact that as the Lehigh Coal and Navigation Company receive as rent one-third of the gross receipts, this Company incur no liability except for business actually done. The risk of freshets also is taken by the lessors, and not by this company. The entire equipment of the road, consisting of 72 engines, 15 passenger cars, 10 baggage cars, 554 freight cars, 10,442 coal cars and 263 other cars is also purchased at valuations amounting to $3,632,750. All this equipment is new or nearly so, uniform in style and make, and cor-

responds with the Central cars and engines, so that much expense in maintaining will be avoided. Payment for this equipment is made by the assumption of $2,310,000 of the Lehigh Six Per Cent. Loan, due in 1897, and of the outstanding balances of the two Lehigh Car Trusts; so that the purchase requires no immediate payment of heavy sums, but can be made to suit the convenience of the treasury.

The road is in excellent order, especially the part from Phillipsburg to Mauch Chunk, which is laid entirely with steel rails, while the masonry and other work are of the first character. Most of the curves on the upper road are also laid with steel rails. The planes at Wilkes-Barre for raising the coal from the Wyoming Valley to the top of the mountains are entirely new, a complete success, and greatly reduce the cost of transporting coal from that region. In fact, no expense has been spared by the Lehigh Coal and Navigation Company to make their road as perfect as possible. It is believed to be a contract fair and advantageous to both parties, and likely to work well. It goes into operation on the 1st of April, and this report has been somewhat delayed so as to announce the fact of the lease to the stockholders.

It is proper to add that every care has been taken to avoid injury to the interests of the Lehigh Valley Railroad Company, from this acquisition. It is proposed that each road should take the business legitimately belonging to it; that equitable divisions should be made of business common to both, and that injurious competition (sure to end in combination) should be avoided. In this way it is hoped that the business of the region will be done more regularly and profitably to all concerned, the public included, than has been the case in the few past years.

REPORT OF JANUARY 1, 1872.

This road has been worked, for nine months of the fiscal year, as a division of the Central Road, to the great advantage and profit of both parties. Possession was taken without difficulty or jar of any kind, and the business opera-

tions of the road have been eminently satisfactory and harmonious. The construction of the second track between Easton and Allentown, and also at the most important points on the upper part of the road, has been steadily and economically pushed, and many miles will be added during the present season. The new portions of track, like the older, will be laid with steel rails, now under contract; station-houses will be built, sidings and freight-houses provided, moderate rates of toll maintained, and everything possible done to develop and expand the business. The Central policy will as far as possible be extended into Pennsylvania, and already the good effects are visible.

REPORT OF JANUARY 1, 1875.

Connecting Roads.

By agreement with the Delaware, Lackawanna and Western Railroad Co., their business will be entirely withdrawn on the 1st of April, when the third rail will be removed from the tracks. As will be noticed, their coal tonnage over the road has been reduced to a few hundred thousand tons.

The Lehigh Valley Railroad also expect to open their new road to Perth Amboy within the year, when what remains of their coal tonnage—also much reduced—will be withdrawn.

In parting with our ancient allies, it is pleasant to add, that friendly relations prevail and will be preserved, and that the business of each separately has grown to a volume more than equal to what that of the three companies united formerly amounted to."

Mr. DeForest:—In connection with the Report of 1854, I offer in evidence, and ask to have marked, as an exhibit, the map attached to, and forming a part of that report.

(Map marked "C. R. R. of N. J., Ex. No. 1, Apr. 7, 1914, C. H. G.")

Mr. DeForest:—I offer in evidence and ask to have marked as an exhibit, Agreement of July 21st, 1866, be-

tween Central Railroal Company of New Jersey, the Philadelphia and Reading Railroad Company, the East Pennsylvania Railroad Company and the Lehigh Valley Railroad Company.

(Agreement marked "C. R. R. of N. J., Ex. No. 2, Apr. 7, 1914, C. H. G.")

The following is a summary statement of said agreement. It is understood that either party may refer to all or any portion of the agreement, as it sees fit:—

AGREEMENT made July 21, 1866, between the *Central Railroad Company of New Jersey*, the *Philadelphia & Reading Railroad Co.*, the *East Pennsylvania Railroad Company* and the *Lehigh Valley Railroad Company*, together forming the Allentown line between Harrisburg, Pa. and the City of New York, of the first part, and *Joseph H. Moon*, acting for and on behalf of the parties to be associated under the name and title of the *Allentown Transportation Company*, of the second part, recites that it is desirable to establish a fast through freight line on the Allentown Line to Harrisburg and thence over the Pennsylvania Railroad to and from the western country, provides:

For the transportation of cars of the parties of the second part by the parties of the first part between Harrisburg and Jersey City on an 18 hr. schedule to secure the quickest dispatch for through trade between the East and West.

Parties of the second part agree to maintain agencies in the chief cities and towns of the West, and in the City of New York and other points east thereof, for securing business in both directions between the West and the East and to place suitable cars on the route in sufficient number to carry the trade procured by said agencies and arrangements.

The Central Railroad Company of New Jersey is to provide accommodations on and between its piers in the City of New York for the parties of the second part, who agree to pay a rental of $7,500 per year and to provide floats for carrying cars between Jersey City and New York.

Rates and basis of settlement are provided for.

Agreement effective September 1, 1865, continuing five years with further termination clause upon six months' notice."

MR. DEFOREST:—I offer in evidence Agreement made November 25th, 1867, between the Central Railroad of New Jersey, the Lehigh Valley Railroad Company and A. Pardee & Company, and ask to have the same marked as an exhibit.

(Marked "C. R. R. of N. J., Ex. No. 3, Apr. 7, 1914, C. H. G.")

The following is a summary statement of said agreement. It is understood that either party may refer to all or any portion of the agreement, as it sees fit.

AGREEMENT made November 25, 1867, between the *Central Railroad Company of New Jersey*, the *Lehigh Valley Railroad Company* and *A. Pardee & Company*, representing the *Hazleton Railroad Company*, recites that in consideration of the benefits of a coal trade from the mines on the railroad connections of the party of the third part, and over the railroads to the parties to this agreement to Port Johnston, the parties mutually agree to build 568 four wheel six ton coal cars, the Central Company to pay for 272 cars, the Lehigh Company to pay for 216 cars and A. Pardee & Co., representing the Hazleton Company, to pay for 80 cars, and place them on the route indicated as soon as built, and maintain them there and keep them constantly employed, each party keeping their own proportion of cars in repair.

Then follows plan of operating cars and payment of demurrage for detention, &c.

MR. DEFOREST:—I offer in evidence the following extracts from the reports and minutes of the Lehigh Coal and Navigation Company:—

(Government notes the same objection and reservation.)

REPORT OF MAY 4, 1869.

The connection with the Morris and Essex Railroad was not made until March 14th, and with the Central Railroad

of New Jersey not until 1st May; while with the Belvidere Delaware Railroad and Morris Canal we had no connection until after July 1st, when the strike interrupted business until after 1st August. It was impossible, during a period of severe competition, when other coal carrying companies were deriving little or no advantage from the transportation of a large tonnage, to make more than the running expenses of the road, whilst still unfinished, with connections imperfect, and trade undeveloped.

REPORT OF MAY 3, 1870.

Railroad.

The reports of income for the year indicate the increasing importance of the railroad and that the Company must in the future regard this as its most certain source of revenue. The canal is more liable to injury from freshets and, while a valuable auxiliary, its entire destruction would still leave the Company the means of transporting to market all of its own coal and a large amount for other parties, with ability to increase only limited by its financial resources for extending track and increasing equipment and its necessary adjuncts.

Extracts from the minutes of a special meeting of the Stockholders of the L. C. & N. Co. held March 28, 1871.

The communication from the Board of Managers submitted and read at this meeting was read in evidence on behalf of the Government on February 13th, 1914, and may be found on pages 279 to 287 inclusive of the stenographer's minutes.

REPORT OF MAY 2, 1871.

The most important event that has transpired in the affairs of the company since the opening of the present year is the lease of our railroads to the Central Railroad Company of New Jersey, which was confirmed at a meeting of the stockholders held March 28th. This Company is to receive as rent one-third of the gross receipts derived from

all the business of the leased roads; the equipment and machinery employed to be furnished and maintained by the lessees at their own cost. In comparing this percentage with that realized during the past two years—namely, 39½ per cent. of the gross receipts in 1869, and 33 67/100 per cent. in 1870—there must be deducted from the latter the interest and depreciation on the equipment, which cost us more than 15 per cent. of the gross receipts during the two years, and is likely to cost the lessees at least 12½ per cent. By working the two roads as one line, and using the power of each to develop the trade of the other, they can reduce the expenses of both roads, and can well afford to pay as rent all we could make out of our roads under favorable conditions.

In addition to the reasons stated at the special meeting, as among those which induced the managers to enter into the negotiations for the lease, may be added the difficulty of carrying our large and increasing floating debt. The railroads were making demands on our resources for additional sidings, tracks, buildings and equipment; and by leasing them we are not only relieved from all demands for equipment, and any present demands for money for additions to the road, but have also secured financial aid which will enable us to pay off a portion of the floating debt and fund the remainder. The sale to the Central Company of materials, machinery and securities, including a million of bonds of our proposed general mortgage, will give us $1,500,000, and this amount, with our net receipts during the first four months after resumption of work at the mines, will reduce our floating debt to less than one million dollars. This sum we expect to provide for hereafter by the sale of bonds.

MR. DEFOREST:—I offer in evidence the following statements and extracts from the reports of the Lehigh Valley Railrad Company.

(Government notes the same objection and reservation, and the further objection that these are declarations by a corporation not a party to this litigation.)

The Lehigh Valley Railroad Company was organized under the name of the Delaware, Lehigh, Schuylkill & Sus-

quehanna Railroad Company under an Act of Assembly of Pennsylvania passed April 21st, 1846, for the construction of a railroad from Easton to a connection with the Beaver Meadow Railroad at Parryville and the coal fields of Pennsylvania.

By an Act of Legislature of Pennsylvania passed in 1849 and an Act of the Legislature of New Jersey passed in 1850, it was authorized to erect a railroad bridge across the Delaware River at or near Easton to connect with the railroad of The Central Railroad Company of New ersey.

By an Act passed January 7th, 1853, the name of the company was changed to that of the Lehigh Valley Railroad Company.

John Taylor Johnston, president of the Central Railroad Company of New Jersey from 1852 to 1877, was elected a director of the Lehigh Valley Railroad Company on January 10th, 1853, and re-elected from year to year and served until after the lease of March 31st, 1871, by the Lehigh Coal and Navigation Company to The Central Railroad Company of the Lehigh and Susquehanna Railroad.

Asa Packer, who, during the greater portion of this time was president of the Lehigh Valley Railroad Company, was elected a director of The Central Railroad Company of New Jersey on January 1st, 1863, and served from year to year until after the time of the said lease.

Extracts from minutes and annual reports of the Lehigh Valley Railroad Company.

Superintendent's report, December 31st, 1855.

The Morris Canal Company are constructing a branch from the eastern end of the Delaware Bridge to their canal and are erecting conveniences for loading coal into their boats at that point, thereby saving them the risk and expense of ferrying their boats across the river and doubling their boating facilities without any increase of capital.

Annual report for 1865 in minutes of January 2d, 1866.

In addition to the outlets for coal and other freight heretofore existing between the terminus of our road in

New York the Morris and Essex Railroad has recently been opened, connecting with us at Phillipsburg and reaching to Hoboken opposite New York, which it is hoped will give increased facility to our trade in that direction.

Superintendent's report of November 30th, 1865, in minutes of January 2d, 1866.

The work upon the Morris and Essex Railroad has been pushed forward with energy. The track was laid at the eastern end of our bridge where a temporary connection has been made and about 500 tons of coal shipped forward. The road is still incomplete and we must not expect an outlet for a very large tonnage in the early part of the coming year: but as the season advances we may hope that the beneficial effects of this additional avenue tc tide will be felt. This company are providing a large number of coal cars and locomotives.

This year the Morris Canal Company have increased their shipments from Port Delaware very largely over any preceding year. They design making considerable additions to the pockets this Winter, thereby giving additional vent to our tonnage.

Superintendent's report of November 30th, 1866.

Table of coal tonnage delivered to connecting carriers at Phillipsburg for years 1866 and 1865:—

	1866	1865
To Morris Canal.....	111,552	73,965
To The Central Railroad Company of New Jersey.....	582,774	536,383
To Morris and Essex Railroad.....	53,420	498

The Morris and Essex Railroad has recently connected with our track at the eastern end of the new Delaware Bridge at Phillipsburg and is now ready to exchange trade and travel with us. We have during the year over the temporary connection shipped to this road 53,420 tons of coal. This is a fair beginning for a road in an unfinished state without shipping facilities at tidewater and other requisites for a large coal tonnage. We may reasonably

expect a considerable increase next year. We may also anticipate a large trade in iron ore, as the furnaces in our valley use large quantities and the route of the Morris and Essex road is for a considerable distance in close proximity to the rich and extensive iron deposits of New Jersey.

The rich agricultural and mineral districts and the very considerable manufacturing interests on the line of this road must contribute largely to our passenger and miscellaneous freight traffic.

The Morris Canal Company have increased their shipments from Port Delaware by a considerably larger percentage than any of our connections. This will be further augmented as additional shipping facilities are provided.

Minutes of Board of Directors, February 12th, 1867.

Resolved, that the subject of the transportation of coal from the terminus of our road at Easton to the waters of New York and to make such arrangements with connecting roads as will facilitate that business engaged the attention of the board, and its further consideration was confided to a special committee consisting of Asa Packer, John T. Johnson, David Thomas, Asbel Welch and Elisha A. Packer.

Superintendent's report of November 30th, 1867.

Table of coal tonnage delivered to connecting carriers at Phillipsburg for years 1866 and 1867.

	1866	1867	Increase.	Decrease.
To Morris Canal.....	111,552	105,330	.....	6,222
To The C. R. R. Co. of N. J..	582,774	514,945	.....	67,829
To Morris & Essex R. R....	53,420	217,424	164,004	.....

Superintendent's report November 30th, 1868.

Table of coal tonnage delivered to connecting carriers at Phillipsburg for years 1867 and 1868.

	1867	1868	Increase.	Decrease.
To Morris Canal.....	105,530	101,555	.....	3,775
To The C. R. R. Co. of N. J..	514,945	746,491	231,546	.....
To Morris & Essex R. R....	217,424	265,216	47,792	.....

Superintendent's report November 30th, 1869.

Table of coal tonnage delivered to connecting carriers at Phillipsburg for years 1868 and 1869.

	1868	1869	Increase.	Decrease.
To Morris Canal.....	101,555	127,436	25,881	.....
To The C. R. R. Co. of N. J..	746,491	530,664	.....	215,827
To Morris & Essex R. R....	265,216	210,352	.....	54,864

Superintendent's report of November 30th, 1870.

Table of coal tonnage delivered to connecting carriers Phillipsburg for years 1869 and 1870.

	1869	1870	Increase.	Decrease.
To Morris Canal.....	127,436	197,769	70,333	.....
To The C. R. R. Co. of N. J..	530,664	744,081	213,417	.....
To Morris & Essex R. R....	210,352	203,972	.....	6,380

Superintendent's report of November 30th, 1871.

Table of coal tonnage delivered to connecting carriers at Phillipsburg for years 1870 and 1871:—

	1870	1871	Increase.	Decrease.
To Morris Canal.....	197,769	202,153	4,384	.....
To The C. R. R. Co. of N. J..	744,081	541,567	.....	202,514
To Morris & Essex R. R....	203,972	174,826	.....	29,146

It will be noticed that the only one of our outlets to the eastern market which received so large a tonnage from us as it did the year before was the Morris Canal, which shows an increase of two per cent.

A further supplement to an Act to incorporate a company to form an artificial navigation between the Passaic and Delaware Rivers passed December 31st, 1824. P. L. of N. J., 1871, page 444.

This is a supplement to the charter of the Morris Canal and Banking Company, and authorizes it "to lease the canal of said company or any part thereof with all or any of its boats, property, works, appurtenances and franchises to any person or persons or corporation either perpetually or for such time and upon such rents and agreements as may be agreed upon between the said contracting parties, and it shall be lawful for the lessee or lessees in said lease

to use and enjoy the said property and franchises so demised for the term in said lease mentioned."

Minutes of special meeting of directors, April 28th, 1871.

The proposed contract with the Morris Canal & Banking Co. was read and on motion approved by the unanimous vote of those present, except Messrs. Welch and Gatzmer, who were on motion and at their own request previously excused from voting.'

Then follows copy of contract, which is:

Lease by the Morris Canal and Banking Company dated May 4, 1871, lets and demises the entire canal and navigation works from the river Delaware at Phillipsburg in the County of Warren, to the River Hudson at Jersey City in the County of Hudson perpetually thereafter.

Minutes of meeting of directors, June 13th, 1871.

The Board were informed that an interest had been obtained by the Hon. Asa Packer in the stock and bonds of the New Jersey West Line Railroad Company, which gave him the control of the organization of that Company, which he now tendered to the Lehigh Valley R. R. Co. at cost, whereupon it was on motion.

Resolved that this Company hereby assume the purchase of bonds and other securities of the New Jersey West Line R. R. Co. and authorize such further steps as may be necessary to aid in the completion of the line of that road as a through connection for our business.

Messrs. Welch and Gatzmer being excused from voting.

The Vice-President reported that the lease of the Morris Canal had been executed by the officers of both companies and accepted by a majority of the stockholders of the Morris Canal & Banking Co. and had therefore gone into effect.

Mr. De Forest:—In connection with the Superintendent's Report of November 30th, 1871, above referred to,

I offer in evidence lease of May 4th, 1871, by Morris Canal and Banking Company to Lehigh Valley Railroad Company.

(Marked "C. R. R. Co. of N. J., Ex. No. 4, Apr. 7, 1914, C. H. G.")

It is understood that either party may refer to all or any portion of the agreement, as it sees fit.

MR. DEFOREST:—I offer in evidence copy of deed conveying two tracts of land in the City of Perth Amboy, N. J., to Robert H. Sayre; also copy of deed, conveying the same property, by Robert H. Sayre to the Easton and Amboy Railroad Company.

(Deeds marked "C. R. R. of N. J., Ex. No. 5, Apr. 7, 1914, C. H. G.," and "C. R. R. of N. J., Ex. No. 6, Apr. 7, 1914, C. H. G.," respectively.)

The following is a summary statement of said deeds, it being open to either party to put in evidence other extracts therefrom.

The following deed dated July 10th, 1871, conveys to Robert H. Sayre, General Superintendent and Engineer of the Lehigh Valley R. R. Co., two tracts of land containing in all 378.76 acres, which became a part of the coal terminal property of the Easton and Amboy Railroad Co., adjoining Staten Island Sound in the City of Perth Amboy, N. J., and was subsequently conveyed by him with other lands adjoining which he had acquired for the same purpose, to the Easton and Amboy Railroad Company by deed dated December 26th, 1881; hereinafter set out.

George Merrit and Jane E., his Wife,

to

Robert H. Sayre.

Warranty Deed, dated July 10, 1871. Rec'd. July 11, 1871. Book 128 of Deeds for Middlesex Co., p. 468 to 474.

Cons—$151,504.00.

Conveys in fee:

Two tracts of land in the City of Perth Amboy, Middlesex County, N. J.

First tract containing 46 acres of land, bounded north by land of the Amboy Iron Company, East by Arthur Kull or Staten Island Sound, south by land of Alfred Hall and west by High St.

Second tract described, containing 347 25/100 acres and after certain deductions contains 332.76 acres.

The two tracts after the several deductions together amount to 378.76 acres.

Also all the right, title and interest of the parties of the first part to the lands under water in front and easterly of the lands above described in Arthur Kull Sound and all the water rights and privileges appertaining thereto.

Robert H. Sayre.

to

The Easton and Amboy Railroad Company.

Bargain and Sale Deed dated December 26, 1881, recorded December 30, 1881, Book 188 of Deeds for Middlesex Co., p. 183, &c. Cons. $1.00 and other considerations.

Conveys in fee:

Several tracts of land which compose the coal terminal property of the Easton & Amboy R. R. Co. adjoining Staten Island Sound, in the City of Perth Amboy, New Jersey."

MR. DEFOREST:—I offer in evidence further extracts from minutes of Lehigh Valley Railroad Company, as follows:

(Government notes the same objection and reservation.)

Minutes of directors November 14, 1871.

That purchase of a tract of 200 acres adjoining our property near Mt. Carmel and of some tracts adjoining our property at Perth Amboy had been completed.

Report of Directors January 8th, 1872.

Our coal trade has suffered for some years from the want of an independent outlet to tidewater. As a partial remedy your board, early in the year (1871), concluded a

perpetual lease of the property of the Morris Canal and Banking Company by which we came into possession of a line of Canal 102 miles in length, extending from our Rail Road at Phillipsburg to Jersey City, with a Basin of about 60 acres, having a frontage of 1500 feet on the North River directly opposite the City of New York, and also of much valuable property at other points; together with the equipment of boats, mules, &c., &c., necessary for its operation. We assume the payment of interest on their indebtedness; of dividends averaging seven per cent. per annum on the Preferred and Consolidated Stocks; of the Annual Payment of $25,000 to the State of New Jersey, and of a small sum for the maintenance of their organization, amounting in all to $256,000 per annum. Although the business done this year—owing to the stoppage of shipments, consequent upon the strike at the Mines—will fail to produce an income equal to the rent, yet the Board are satisfied that the Lease will result advantageously to this Company. This has been experienced already in the greatly increased capacity for tonnage over our main lines, without material increase of Rolling Stock, in consequence of our being able to discharge the cars into boats at the end of our road and return them at once to the Mines.

In pursuance of the same policy this Company has also obtained an interest in the New Jersey West Line Rail Road Company, whose Road is now open from Summit Station on the Morris and Essex Rail Road to Bernardsville, about 14 miles, and of which 13 miles more are expected to be opened to Newark during the coming Spring. The Charter of this Company reaches to the Delaware River near Milford, N. J., but no arrangements have yet been made for the extension of the Road west of Bernardsville.

In accordance with the policy heretofore approved, we have continued to acquire interests in Coal Lands situated in our various regions, and we have also secured a tract at Perth Amboy, N. J., having great advantages as a point for the shipment of Coal."

MR. DEFOREST:—I offer in evidence the following extracts from the Act incorporating the Perth Amboy and Bound Brook Railroad Company, approved March 11th, 1858; the Act incorporating the Bound Brook and Easton Railroad Company, approved March 1st, 1872, and the Act consolidating these Railroad Companies, approved April 2d, 1872, forming the "Easton and Amboy Railroad Company"; also the following extracts from the minutes of the Lehigh Valley Railroad Company.

(Government notes the same objection and reservation.)

"An Act to incorporate the Perth Amboy and Bound Brook R. R. Co.," approved March 11th, 1858. P. L. of N. J., 1858, p. 278.

Authorizes the construction of a railroad from or within five miles of Bound Brook running through the County of Middlesex and terminating at the City of Perth Amboy.

"An Act to incorporate the Bound Brook and Easton R. R. Co." approved March 1st, 1872. P. L. of N. J., 1872, page 314.

Authorizes the construction of a railroad from some suitable point at or near the village of Bound Brook in the County of Somerset to a suitable point on the Delaware River at or within ten miles of Phillipsburg in the County of Warren, with the privilege of connecting with any railroad or railroads now or hereafter to be built.

"An Act to consolidate the Bound Brook and Easton Railroad Company and the Perth Amboy and Bound Brook R. R. Co. supplementary to the charters of said companies," approved April 2d, 1872. P. L. of N. J., 1872, p. 1017.

This act provides that it shall be lawful for the two railroad companies mentioned in its title to consolidate together into one company to be called the "Easton and Amboy Railroad Company," and by that name shall be a body politic and corporate of said State and shall have perpetual succession and the other usual powers incident to corporations aggregate, and thereupon all and singular the franchises, etc., and all rights, etc., and all the property, real, personal and mixed of the said two named companies respectively granted by or acquired under their respective charters, etc.,

shall vest and become the property and the right of the said Easton and Amboy Railroad Company; and further provides that when such consolidation be effected, said consolidated company shall be governed by laws then in force respecting the said Bound Brook and Easton R. R. Company, and the said Perth Amboy and Bound Brook Railroad Company shall be deemed an extension of the same.

Minutes of Directors' meeting March 12th, 1872.

The Vice-President reported that a charter obtained some years since had been purchased for a railroad from Perth Amboy to Bound Brook, and that a charter had just been granted for a railroad from Bound Brook to Easton, and that subscriptions would be received on the 20th inst., whereupon it was on motion

Resolved that a subscription is hereby authorized to be made of a sufficient number of shares on behalf of this Company to give it the control of the same.

Minutes of Directors' meeting April 9th, 1872.

The Vice-President reported that 11,000 shares of the 20,000 shares authorized by the charter of the Bound Brook and Easton Railroad had been subscribed for in our interest.

Superintendent's report November 30th, 1872.

The necessity for a tide outlet for the coal tonnage of our road becoming each year more pressing, the required authority was obtained during the last session of the legislature of New Jersey to enable us, in connection with a charter previously secured, to build a railroad from Phillipsburg to Perth Amboy, and the necessary surveys having been made to determine the route, active measures were taken early in April and six of the heaviest sections, including a tunnel nearly a mile in length, were put under contract April 17th to be completed April 1, 1874. In August twenty-five of the heavier of the remaining sections were let and work commenced thereon, the light work to be begun at such time as will enable us to complete the whole simultaneously.

Annual report of Board of Directors to stockholders January 21st, 1873.

In continuation of the policy announced in our last report, of providing an independent outlet to tide-water, a charter

was obtained last winter from the Legislature of New Jersey for the Bound Brook and Easton Railroad Company, with authority to build a railroad from Easton to Bound Brook, which Company, by an act passed later in the session, was consolidated with the Perth Amboy and Bound Brook Railroad Company, under the name of the Easton and Amboy Railroad Company. The stock of the consolidated Company was taken by us, and its interests are now identical with those of the Lehigh Valley Railroad Company. A careful survey of the whole line from Phillipsburg, the present eastern terminus of our line, to Perth Amboy, has been made, and all the heavier parts of the work put under contract, so that we hope to have the road in operation some time during next year. The amount expended upon it, at the close of our fiscal year, was about $550,000, a considerable portion of which was for right of way.

Report of Directors to stockholders January 18th, 1876.

The Easton and Amboy Railroad was opened for business about the first of July last as the New Jersey Division of our road.

MR. DEFOREST:—I offer in evidence, in special reference to the Delaware, Lackawanna and Western Railroad, the following portions of the following named Acts:—

The Delaware, Lackawanna & Western Railroad Company was formed by An Act to consolidate the Lackawanna & Western and the Delaware & Cobbs Gap Railroad Company under the name of the Delaware Lackawanna & Western Railroad Company passed by the Legislature of the State of Pennsylvania and approved March 11, 1853, Pennsylvania Laws 1853, No. 123.

The Warren Railroad Company was incorporated under an act of the Legislature of New Jersey entitled An Act to incorporate the Warren Railroad Company approved February 12, 1851, P. L. of N. J. 1851, p. 5., for the purpose of constructing a railroad from some suitable place on the Delaware river not more than five miles above the Delaware Water Gap by the most feasible route to intersect the

road of the Central Railroad Company of New Jersey at or near New Hampton, situate in the County of Hunterdon.

MR. DEFOREST:—I offer in evidence Agreement of January 27th, 1854, between the Central Railroad Company of New Jersey, the Warren Railroad Company and the Delaware, Lackawanna and Western Railroad Company, and ask that the same be marked as an exhibit.

(Marked "C. R. R. of N. J., Ex. No. 7, Apr. 7, 1914, C. H. G.")

The following summary statement thereof shall be deemed in evidence, subject to the same right on the part of either party to have printed the whole agreement, or any parts thereof, in its original form:—

AGREEMENT made January 27, 1854, between the *Central Railroad Company of New Jersey*, the *Warren Railroad Company* and the *Delaware, Lackawanna & Western Railroad Company*. In this agreement the Lackawanna Company covenants to continue the construction of the Southern Division of their Railroad from Scranton to the bridge across the Delaware River, located by the Warren Railroad Company. The Warren Company covenants to proceed immediately with the construction of their road from and including the bridge over the Delaware River to an intersection with the Central Railroad near Hampton Summit; that the track shall be laid of the wide or six foot gauge uniform with that of the Lackawanna Company. The Central Company agrees to lay a third rail on their track from the point of junction near Hampton Summit to Elizabethport so as to give a continuous line of six foot gauge across New Jersey, Pennsylvania and New York from Staten Island Sound to Lake Ontario and Lake Erie. The Lackawanna and Central Companies agreed to take stock in the Warren Road and guarantee the mortgage bonds to enable the Warren Company to construct its railroad. The Lackawanna Company agreed that upon the opening of the Warren Railroad they would take a lease of the same. The Central Company agreed to build a second track of six feet gauge from Hampton Summit to Elizabethport whenever the tonnage of coal

and other freight over their road and the Warren road should amount to 400,000 tons per annum. The three companies covenanted and agreed that they would make the railroads of the other parties their main channel of business for passenger, freight and coal at any place or point on either of the said railroads, or at any place or point to which either of said roads was the direct route; that they would not discriminate against any party to the agreement in favor of any other railroad company doing business with the same place or point; either on passengers or freight, or in favor of any other coal company on coal designed for local use. The Central and Lackawanna companies agreed that each would furnish ample passenger and freight trains for the accommodation and immediate transportation of all passengers and freight brought to the point of junction at Hampton Summit. The Central Company agreed to receive the coal trains which the Lackawanna Co. should regularly deliver to them at Hampton Summit and promptly transport them for the price named in the agreement with their own engines to such coal station or stations as the Lackawanna Co. might establish on the Sound near Elizabethport, or make other delivery at Elizabethtown at the option of the Lackawanna Co. The Central Co. also agreed to transport the empty cars from Elizabethport to Hampton Summit and deliver the same to the Lackawanna Company free of charge. The agreement further provides for the rates to be charged and the division thereof between the companies. The Central Company agreed to procure for the Lackawanna Co. a lease on the waterfront at Elizabethport for dumping grounds and docks for the transaction of business brought over the proposed through line. It was further provided that the duration of said contract should be perpetual, but in July, 1860, and in July every five years thereafter, if required by either party, it should be subject to revision to the end that perfect equity and justice might be obtained in the operation of its provisions.

MR. DEFOREST:—I state as a fact, that, under the provision for the revision of that agreement every five years, it was revised as to rates in 1860, 1865 and 1870.

I offer in evidence the following summary statement of the Act of March 5th, 1857, authorizing the Delaware, Lackawanna and Western Railroad to hold lands in Essex County, N. J., and to operate a connecting railway in that State:—

Under An Act to authorize the Delaware, Lackawanna & Western, incorporated by an act of legislature of Pennsylvania to hold lands in the County of Essex in the State of New Jersey, and to lease or operate a connecting road in this state, approved March 5, 1857, P. L. of N. J. 1857, page 76 (which recites that the legislature of Pennsylvania by an act approved March 8, 1856, authorized the Lackawanna Co. to purchase and hold at or near Elizabethport, N. J., such quantity of land as might be necessary for depot, wharfage and coal yard accommodations for their business not exceeding 50 acres, and by a further act approved April 4, 1854, authorized said Company to lease the Warren Railroad) the Lackawanna Co. was given authority to purchase and hold at or near Elizabethport, in the County of Essex, in the State of New Jersey, such quantity of land as may be necessary for depot, wharfage and coal yard accommodations, and further authorized said Lackawanna Co. to lease the Warren Railroad.

MR. DEFOREST:—I also offer in evidence the following summary statement of the lease between the Warren Railroad Company and the Delaware, Lackawanna and Western Railroad Company, dated October 1st, 1857.

It is understood that either party may refer to all or any portion of said lease, which is marked "C. R. R. of N. J., Ex. No 8, Apr. 7, 1914, C. H. G."

By a lease between the Warren Railroad Company and the Delaware, Lackawanna & Western R. R. Co. dated October 1, 1857, the Warren Company granted and demised to the Lackawanna Co. its railroad commencing at the center of the railroad bridge across the Delaware River, being the point of connection of the railroads of the two companies, and thence running through the counties of Warren and Hunterdon in the State of New Jersey to its connection with the Central Railroad at a point known by the name

of the Junction, for and during the full term and continuance of the legal existence of the Warren Company.

MR. DEFOREST:—I also offer in evidence the following summary statement of the acquisition of land at Elizabethport, N. J., by the Delaware, Lackawanna and Western Railroad Company, and the construction of wharves thereon:—

The Lackawanna Company under its authority to acquire and hold lands at Elizabethport, N. J., obtained title to a tract of land on Staten Island Sound consisting of about 36 acres by the following deeds:

(1) Made by Ralph H. Isham and wife and others dated July 23, 1855, and recorded February 23, 1856, in book 218 of Deeds for Essex County, page 19, &c.

(2) Made by Wm. E. Dodge and wife and others dated September 9, 1857, and recorded December 13, 1859, in Book 5 of Deeds for Union Co., page 605, &c.

(3) Made by John H. Trumbull and others dated December 19, 1867 and recorded January 6, 1868, in Book 26 of Deeds for Union County, page 528, &c.,

and upon this land so acquired, at considerable expense it constructed and maintained wharves, piers and pockets for the purpose of disposing of and trans-shipping the coal tonnage and other freight originating on its railroad in the State of Pennsylvania, which was used by said Company up to the time it withdrew its traffic over the Central Railroad in the early seventies.

MR. DEFOREST:—Also the following summary statement relating to the Morris and Essex Railroad, and its incorporation under the Act of January 29th, 1835:—

"The Morris and Essex Railroad Company was originally incorporated under an act entitled An Act to incorporate the Morris and Essex Railroad Company passed January 29, 1835, P. L. of N. J., 1835, page 25, to construct a railroad from Morristown to Newark or Elizabethtown, and by subsequent legislation it was enabled to build from Morristown to Phillipsburg about 1866.

MR. DEFOREST:—I also offer in evidence lease of the

Morris and Essex Railroad to the Delaware, Lackawanna and Western Railroad, dated December 10th, 1868, to be marked as an exhibit.

(Marked "C. R. R. of N. J., Ex. No. 9, Apr. 7, 1914, C. H. G.")

The following is a summary statement thereof, it being understood that either party may have printed the whole lease or any part thereof:—

Under a lease made by the Morris and Essex Railroad Co. to the Delaware, Lackawanna & Western Railroad Co. dated December 10, 1868, the Morris and Essex Co. granted and demised to the Lackawanna Co. their railroad extending from the Hudson River at Hoboken to the Delaware River at Phillipsburg in the State of New Jersey for and during the full term of the continuance of the charter of the Morris and Essex Co.

Mr. DeForest:—I offer in evidence the following extracts from the minutes and annual reports of the Central Railroad Company of New Jersey, particularly relating to the Delaware, Lackawanna and Western Railroads.

(Government notes the same objection and reservation, and the further special objection to so much of the extract from the Director's Report of January 1st, 1871, as attempts to state the legal effect of the contract between the Central Railroad of New Jersey and the Delaware, Lackawanna and Western Railroad.)

Superintendent's report, dated September 10, 1870, in minutes of directors' meeting, September 19, 1870.

The Lackawanna freight tonnage which, westward bound, has been fairly maintained through the 8 mos. of 1870, but nearly three-fourths of their eastward tonnage to Elizabethport and New York, has been diverted to the Morris & Essex Railroad at Washington Junction for the past 3 months.

Report of Directors to Stockholders January 1, 1871.

The Delaware, Lackawanna & Western Railroad Co.

Many inquiries have been made about the present position of matters between the Delaware, Lackawanna and

Western Railroad Co. and the Central. The contract between the companies is a perpetual one, and binds the bulk of their business of all kinds to this avenue. The lease of the Morris and Essex Railroad by the former has resulted in the diversion of most of the passenger and freight traffic of the Scranton road to that route. As yet the coal business is mainly carried over our road to the wharves at Elizabethport, owned by the D. L. & W. As this transfer is clearly in violation of the contract under which the broad gauge was laid on the Central road exclusively for this business, suit was commenced at the close of the year for damages up to that time, and a fresh suit will have to be brought each year, forever increasing damages, unless an amicable adjustment is proposed and carried out.

Superintendent's Report dated June 10, 1871, in minutes of directors, June 12, 1871.

The total earnings of the Central and L. & S. Divisions for May, including miscellaneous receipts, will reach $750,000, which amount, considering our short tonnage for the Lehigh Valley and Lackawanna roads, and the decline in westward and Delaware and Lackawanna & Western passenger business should be considered a handsome total.

For the next two years there was considerable litigation between the Central and Lackawanna companies because of the diversion of traffic (notwithstanding the perpetual agreement of 1854 and its revisions) from the Central Railroad to the Morris & Essex Railroad.

Moses Taylor, a Director of the D. L. & W. R. R., was a Director of The Central Railroad Company of New Jersey previous to 1871 in the report of that year, and of subsequent years his name does not occur.

Mr. DeForest:—I also offer the following summary statement relating to the Pennsylvania R. R. Co. which brought about the dissolution of the so-called Allentown Route to the West of which the Central Railroad of New Jersey was a part:

AGREEMENT made February 18, 1863, between the *Pennsylvania Railroad Company*, the *Philadelphia & Trenton Railroad Company*, both of Pennsylvania the *Delaware & Raritan Canal Co.*, *Camden & Amboy Railroad & Transportation Company* and the *New Jersey Railroad and Transportation Company*, all of New Jersey, recites that the convenience of the public demands that a connection should be made between the Philadelphia & Trenton Railroad, the Pennsylvania Railroad and other railroads terminating at Philadelphia, whereby passengers and freight going beyond or through Philadelphia, can pass without delay or inconvenience, thus perfecting the great central route between the East and the South, Southwest, West and Northwest, and in obedience to said demand the parties hereto have arranged for such connection and to transact the through business jointly on said roads.

The Pennsylvania Railroad Company agrees to seek to obtain, as soon as possible, the necessary authority and obtain the necessary right of way and lay out and construct a first class railroad from a point near 35th Street to some point on the Philadelphia & Trenton Railroad at or near Frankford.

The Pennsylvania Company agrees, as soon as the said connecting road shall be constructed ready for use, to execute and deliver a lease of said connecting road to the Philadelphia & Trenton Company for the term of 999 years, subject to certain rents, terms and conditions.

Provides for further connections with the Junction railroad and the Philadelphia, Wilmington and Baltimore Railroad and leasing the same, extending to the passenger depot and provides for suitable and convenient offices and arrangements in the new passenger depot to be built by the Pennsylvania Company near Market Street in West Philadelphia, so located and contrived that first class accommodations shall at all times be given to passengers to or from New York by the roads of the respective parties.

Provides all traffic from or to the city of New York

or the vicinity thereof or any point beyond said city which might be controlled by the parties, shall, during the continuance of this agreement and the lease, pass over the said connecting railroad to be constructed, and that the Pennsylvania Company shall discriminate to such extent in favor of joint routes as may be sufficient for the purpose of causing all through traffic to pass over the said connecting railroad and railroads of the other parties, it being the intention of the parties thereto that none of the traffic thereafter passing between Pittsburgh, Erie and other points and New York over the Pennsylvania Railroad shall be diverted to any competing route on reconsignment at Harrisburg or Philadelphia, or in any other way, but that the same shall pass over the said connecting railroad and the railroads of the respective parties.

The Philadelphia and Trenton Company, the Delaware and Raritan Canal Company and the Camden and Amboy Company also agree to make discrimination in favor of said route.

As many passenger trains shall be run that the public wants may from time to time require between New York and Pittsburgh over the route contemplated to meet the competition of other through routes between New York and the West.

An Act to incorporate the Connecting Railway Company, P. L. of Penna., 1863, page 456.

Provides for the organization of a railway company to be known as the Connecting Railway Company, with power to lay out, construct, use and operate single or double track railways commencing at some point on the Philadelphia and Trenton Railroad, by a proper connection therewith at or near Frankford and extending thence by such practicable route as may be selected by said company to connect with the Junction or Pennsylvania railroads in the City of Philadelphia.

An Act to validate and confirm certain agreements between the companies owning the railroad lines between New York and Philadelphia approved February 27, 1867, P. L. of N. J., page 114, recites that it is desirable

that the railroad lines between New York and Philadelphia, forming by their connection essentially one line, should be more closely united in interest and management; that the Delaware and Raritan Canal Company and the Camden and Amboy Railroad and Transportation Company, known as the joint companies, own one portion of said lines and the New Jersey Railroad and Transportation Company own another portion thereof, and they have made or are about making an agreement for a consolidation.

Provides that said companies be authorized to make such agreement for consolidation and that such agreement or agreements heretofore made or hereafter to be made by and between the said companies, or by and between them or any of them and the Philadelphia and Trenton Railroad Company, is validated, ratified and confirmed.

Agreement made June 12th, 1867, between the Pennsylvania Railroad Company, the Philadelphia and Trenton Railroad Company of Pennsylvania, the Delaware and Raritan Canal Co., the Camden and Amboy Railroad and Transportation Company and the New Jersey Railroad and Transportation Company of New Jersey, supplementary to an agreement dated February 18th, 1863, is a further traffic agreement between the parties.

Indenture made January 1st, 1868, between the Connecting Railway Company, the Pennsylvania Railroad Company and the Philadelphia and Trenton Railroad Company, all of the State of Pennsylvania.

Recites the agreement of February 18th, 1863, providing for the construction of the Connecting Railway and leasing of same, and that the said railroad known by the name of the Connecting Railway, has in pursuance of the said agreement been constructed for the purpose of connecting the Pennsylvania Railroad with the Philadelphia and Trenton Railroad, forming, by the aid of the railroad known as the Junction Railroad and tracks of the Pennsylvania Company in West Philadelphia, a steam railway connection between the several companies mentioned.

The Connecting Company grants, bargains, sells and

demises unto the Philadelphia and Trenton Company its railroad extending from its two connections with the Pennsylvania Railroad, one near Thirty-fifth Street and the other near Fortieth Street, in West Philadelphia, to its connections with the Philadelphia and Trenton Railroad at or near Frankford for and during the term of 999 years from the date of said agreement.

History of the Pennsylvania Railroad, by Colonel William Bender Wilson—Volume 1, page 181.

The original decisions of the board of directors was in favor of Twelfth and Market Streets, where property had been secured; but the increased facilities in the way of the street passenger railways offering a speedy means of local transfer inclined them, in 1860, to reconsider their determination, and to locate the station on the west side of the Schuylkill on the flats adjoining the Market Street Bridge. Operations were deferred on account of the financial stringency, and of anticipated changes in the policy of the Camden and Amboy Railroad Company as related to its entrance into the city. Out of the latter came the Connecting Road, which was built by a corporation of the same name organized April 4, 1863. The termini of the Pennsylvania and the Philadelphia and Trenton Railroad Companies in Philadelphia being widely separated, the cost of transfer of freight and passengers from points on one line destined to points on the other became a serious question. To decrease that cost and to bring back traffic to the Philadelphia Division, which had been diverted to other channels by the delays and obstructions of transfer, the Pennsylvania Railroad Company furnished the means for the Connecting Railway Company to construct a railroad from a point at Mantua to a point on the Philadelphia and Trenton Railroad at Frankford, a distance of 6.75 miles. Surveys for this railroad were made in 1863, construction begun in 1864, and road completed in June, 1867. It was opened for freight July 1st, 1867, and for passenger traffic October 1st, 1867. This road brought Harrisburg and the West, via Philadelphia,

within 12 miles of the distance to New York as via Allentown, and brought increased revenues from increased traffic passing over the whole of the main line between Philadelphia and Pittsburgh. The determination to build the Connecting Railway was followed by the erection of a passenger station on Market Street west of Thirtieth Street.

That station was occupied and Eleventh and Market abandoned on the 16th of October, 1864. It consisted of a stone building, fitted up for the accommodation of passengers and ticket offices. A frame car shed, 57 feet wide by 337 feet long, constructed from the material of the building on Logan Square, in which the Great Sanitary Fair had been held, connected with it. To these were added a brick building seventeen feet six inches by eighty-three feet six inches, for use as a baggage-room. In the following year, 1865, a brick building, thirty-seven by sixty-five feet, for ticket office and waiting room, was further added to it. In 1867, the Connecting Road being completed, a station for the use of New York trains was constructed adjacent to it. This latter consisted of a brick building, containing waiting-rooms, offices, &c., and a frame shed for shelter of cars. To those was added, in 1868, a brick office twenty by twenty-five feet.

A lease and contract dated June 30, 1871, between the Delaware and Raritan Canal Company, the Camden and Amboy Railroad and Transportation Company and the New Jersey Railroad and Transportation Company merged into and known as "The United New Jersey Railroad and Canal Company," and the Philadelphia and Trenton Railroad Company to the Pennsylvania Railroad.

Recites that the lessors owned canals and railroads and other property, real and personal, in the States of New Jersey and Pennsylvania, between Jersey City and Philadelphia and other points in said states, together with rolling and floating stock for the operation of same, and that it is expedient for the said united companies that an agreement be entered into with the Pennsylvania Railroad Company for the connection or consolidation of business.

The lessors grant, demise and farm let unto the lessee all and singular their canals, bridges and railroads, with their appurtenances, and the floating stock, rolling stock, chattels and other property, real and personal of whatsoever kind and wheresoever situate, and all the franchises, rights and privileges of the lessors thereto respectively belonging or in anywise appertaining for the term of 999 years.

An Act to validate and confirm said lease and contract between the companies now known as the United New Jersey Railroad and Canal Company and the Pennsylvania Railroad Company, approved March 27, 1873, P. L. of N. J. 1873, page 1298. This act validates, ratifies and confirms the lease made between the United Companies and the Pennsylvania Company, dated June 30, 1871.

WILLIAM UNRUH, having been duly sworn, was examined as follows:—

By MR. DEFOREST:

Q. Where do you now reside A. In Germantown, Philadelphia.

Q. What is your age? A. Sixty-six.

Q. Are you now retired from active business? A. Yes, sir.

Q. What was your business before you retired? A. Civil engineer.

Q. And railroad official? A. I was a division engineer for the Lackawanna Railroad, on the Morris and Essex Division.

Q. When did you commence the practice of your profession? A. You might say in 1868; early in 1868.

Q. Where? A. In Pottsville, with Joseph S. Harris and his brother, who were a firm of engineers doing general work. We did work for the Girard Estate in their collieries and other collieries in the Schuylkill region, and also for the Lehigh Valley Railroad.

Q. Are you, and have you been all your life, familiar with the coal regions of Pennsylvania? A. Yes, sir.

Q. And are you, and during your entire life have you been, familiar with the railroads running from the coal

regions to tidewater at New York, and particularly with the railroads of the Delaware, Lackawanna and Western, the Central Railroad of New Jersey, the Lehigh Valley and the Lehigh and Susquehanna? A. Practically since 1868, I have been familiar with conditions on those roads.

Q. Have you ridden on all of them frequently? A. Yes, sir.

Q. Know the country through which they run? A. Yes, sir.

Q. When did you first have official connection with any one of these railroads? A. January 1st, 1869.

Q. With what one? A. The Lackawanna.

Q. You mean the Delaware, Lackawanna and Western? A. The Delaware, Lackawanna and Western.

Q. And when you speak of the Lackawanna in your testimony, you mean the Delaware, Lackawanna and Western? A. The Delaware, Lackawanna and Western.

Q. Was that official relation continued for many years? A. I was with them from January 1st, 1869, until December 16th, 1899, continuously.

Q. In what capacities? A. As topographer for the first year, and as assistant to Mr. John Brisbin in obtaining the right-of-way in the latter part of 1869 and 1870, and since that time as division engineer.

Q. Division engineer of the entire road? A. Of the Morris and Essex Division. I might explain that for probably 1871 and 1872 I was division engineer for the Eastern Division; afterwards, after 1872, for the whole road of the Morris and Essex.

Q. Was Mr. Joseph S. Harris chief engineer of the Morris and Essex Railroad at the time when you were first employed by him? A. Yes, sir.

Q. And continued such how long? A. I think he was chief engineer until some time in 1871.

Q. Was he the same Mr. Joseph S. Harris who afterwards became vice-president of the Central Railroad Company of New Jersey? A. I do not know whether he was vice-president of the Central. He was president of the Philadelphia and Reading subsequently. I think when he

left the Morris and Essex, he went with the Lehigh Coal and Navigation Company.

Q. You know that he was at one time president of the Reading and that he was at another time president of the Lehigh Coal and Navigation Company? A. Yes, sir.

Q. At the time when you were first familiar with these railroads, in the late 60's and previous to 1871, when the lease of the Lehigh and Susquehanna Railroad to the Central Railroad was executed, did the Central Railroad furnish the line by which the traffic of all these roads, that is, the Lehigh Valley, the Delaware, Lackawanna and Western and the Lehigh and Susquehanna, came to tidewater at New York harbor? A. The major portion of the traffic. There was some small portion of the traffic from those roads that went over the Morris and Essex, but the major portion of it went by the Central of New Jersey.

Q. Did all the coal traffic of the Lehigh Valley pass over the Central of New Jersey to tidewater, so far as you know? A. So far as I know, except what small amount of coal was used locally on the Morris and Essex, Lehigh coal. There was a very small portion of Lehigh coal that came on the Morris and Essex for local consumption.

Q. From the Lehigh Valley Railroad? A. From the Lehigh Valley Railroad.

Q. And did all the coal coming from the Delaware, Lackawanna and Western pass over the Central of New Jersey, except a small amount over the Morris and Essex? A. Yes, sir, until the latter part of 1870.

Q. Until the latter part of 1870? A. Yes.

Q. When did it first become known that the Delaware, Lackawanna and Western and the Lehigh Valley were seeking independent outlets to tidewater, which would divert their coal traffic to those outlets and take it away from the Central Railroad of New Jersey? A. I have no data by which I could form an opinion as to when the Lackawanna sought a separate outlet, but I presume it was some time in 1868; but the Lehigh Valley sought a separate outlet about 1870.

Q. Were the facts generally known? A. Yes, sir.

Q. Talked of in the railroad world? A. Yes, sir.

Q. Was the coal traffic of the Lackawanna afterwards lost to the Central Railroad of New Jersey? A. It was diverted to the Morris and Essex.

Q. When did it begin to be diverted? A. Some time in the latter part of 1870.

Q. Was the coal traffic from the Lehigh Valley afterwards diverted and lost to the Central Railroad of New Jersey, and if so, when? A. I think they completed their Easton and Amboy road about 1873, or early in 1874, and then the traffic was taken away from the Central Railroad of New Jersey and sent to Amboy.

Q. During the period that the coal traffic of the Lackawanna passed to tidewater over the Central Railroad, at what point did it come upon the Central line? A. Hampton Junction.

Q. In New Jersey? A. Yes, sir.

Q. And went to what point? A. Elizabethport.

Q. Did the Lackawanna have a coal terminus at Elizabethport? A. Yes, sir; they had a large property there, with coal wharves.

Q. With coal wharves built upon it? A. With coal wharves built upon it.

Q. Was that the situation when you first become connected with the Lackawanna and the Morris and Essex? A. Yes, sir.

Q. Had the Jersey Central been specially constructed with a view to carry the coal traffic of the Lackawanna between Hampton Junction and Elizabethport? A. Yes, sir; they had to lay a third rail.

Q. Why a third rail? A. On account of the difference in gauge. The Delaware, Lackawanna and Western was a broad gauge, six-foot gauge, and the Central Railroad was the standard gauge, four feet eight and a half.

Q. Do you know how long any coal traffic from the Lackawanna continued to pass over the Jersey Central? A. Until about 1876, I think, or 1877.

Q. Was this third rail then taken up? A. Yes, sir.

Q. Do you recall when the Lackawanna leased the Morris and Essex? A. January 1st, 1869, was the date upon which they took possession. I do not know the date of the lease.

Q. When the Delaware, Lackawanna and Western and the Lehigh Valley made their plans for independent routes to tidewater, and for diverting their traffic from the Jersey Central, what connection into the coal regions did the Jersey Central have left? A. The Lehigh and Susquehanna.

Q. Was that the only one? A. That was the only one; yes, sir.

Q. What circumstances led to the lease of the Lehigh and Susquehanna Railroad to the Central Railroad of New Jersey? A. The Central, in order to retain any traffic at all, were compelled to lease that road. It was the only one left they could get.

Q. What would have been the position of the Jersey Central, after the withdrawal of the Lackawanna traffic and the Lehigh Valley traffic, unless that connection had been maintained? A. They would have been left without anything except a local traffic, between Phillipsburg and Jersey City.

Q. When did the Lackawanna begin its preparations for a coal terminus other than at Elizabethport, other than a coal terminus reached over the Central Railroad? A. You mean the building of wharves at Hoboken?

Q. I mean the building of wharves for the shipment of coal at other points. A. I forgot whether it was the latter part of 1869 or early part of 1870, they started the construction of a coal wharf at Hoboken, to accommodate the coal coming from the Lackawanna road.

Q. That was an extensive terminal, was it not? A. Yes, sir.

Q. And its construction, and the purpose for which it was constructed, was notorious, was it not? A. Yes, sir, well known. I mean to say, the fact of the construction of those wharves was well known.

Q. Are you familiar with the fact that the Lehigh Valley leased the Morris Canal? A. Yes, sir.

Q. When was that? A. I do not recall the date. It was either 1869 or 1870, very early in the seventies.

Q. After that lease did the Lehigh Valley divert any other coal tonnage from the Central Railroad to the canal? A. They used the canal for shipping considerable coal.

Q. Do you remember the through line to the West, established over the Jersey Central to Easton, thence over the Lehigh Valley to Allentown, thence over the Reading to a connection with the Pennsylvania and over the Pennsylvania west? A. Yes, sir.

Q. Was that a well known established main line west from New York? A. It was. It was the main thoroughfare for passengers between New York and Pittsburgh.

Q. Did it continue as such until the Pennsylvania acquired the united railroads of New Jersey and diverted its traffic via Philadelphia? A. I think so.

Q. When was that? A. I think that was either 1870 or 1871.

Cross examination.

By MR. KINGSBURY:

Q. In the late sixties were the Lehigh Valley, the Lehigh and Susquehanna and the Delaware, Lackawanna and Western the only railroads by which coal came from the coal regions toward tidewater? A. I think so.

MR. REYNOLDS:—Do you mean tidewater at New York?

MR. KINGSBURY:—Tidewater at New York.

THE WITNESS:—I think so. There might have some gone down the Belvidere and Delaware to Trenton and from there back on the Jersey Railroad and Transportation Company, now part of the Pennsylvania system; but I have no knowledge of any shipments that went that way. It was rather a roundabout way.

Q. Did any come from Tamaqua to Port Clinton and then over the Allentown Railroad, as shown on this map? (Referring to C. R. R. of N. J. Exhibit 1.) I see this is a very old map, however, 1854. A. That would not be the natural route of coal, sir; but there might have some been

shipped that way. The natural route of coal originating at Tamaqua would be Philadelphia, Port Richmond, via the Reading.

Q. Do you know whether any came via Philadelphia to New York tidewater? Admitting that it is a roundabout route, did any come that way? A. I have an idea that they may have shipped by vessels from Port Richmond to New York, but I have no positive knowledge of that fact.

Q. Were you familiar with the anthracite coal traffic at that time? A. Yes, sir.

Q. Do you remember at all what the relative proportions of these different routes were, in the amount of anthracite which they transported to New York tidewater? A. No, I could not give the tonnage. I was only familiar with the general conditions.

Q. That is what I was asking, as to their general proportions; not the exact tonnage, of course. A. I was always under the impression that the majority of the coal from the coal regions, from the Schuylkill region went to Philadelphia and from the Lehigh Region the major portion would go to New York. That would be its natural outlet.

Q. And it was about equally divided between these three roads you have mentioned, the Lehigh Valley, the Lehigh and Susquehanna and the Lackawanna? A. I do not know what the proportion of tonnage would be to each road, but I imagine that the Lackawanna sent the major portion of the tonnage down.

Q. The Lackawanna sent the major portion? A. I should imagine so.

Q. And then, as between the Lehigh and Susquehanna and the Lehigh Valley, which of those carried the greater amount? A. I rather think the Lehigh Valley must have carried the major portion.

Q. So that the Lehigh and Susquehanna was the least important of the three? A. I might modify that statement by saying that at that time, I have an idea, the Lehigh Valley had not control of so many collieries as the Lehigh

and Susquehanna had, that is, as a company; but I rather think that the Lehigh Valley had the major tonnage, by reason of having connection with more independent operators.

Re-direct Examination.

By Mr. DeForest:

Q. Previous to the lease of the Lehigh and Susquehanna Railroad by the Central Railroad of New Jersey in 1871, did the Lehigh and Susquehanna send any of its coal to tidewater otherwise than over the Central Railroad? A. They sent considerable coal to Hoboken over the Morris and Essex. They had a dock there especially built for their accommodation; we called it the Wilkes-Barre dock, and the coal came from, I think it was the Wilkes-Barre Coal Company, which was owned probably by the Lehigh and Susquehanna, or controlled by them.

Q. And did the Lehigh and Susquehanna cease to send its coal by that route after the lease? A. Yes, sir; after the Central Railroad absorbed the Lehigh and Susquehanna.

Re-cross examination.

By Mr. Kingsbury:

Q. Was that Wilkes-Barre Coal Company which you just mentioned the owner of the same coal fields which are now owned by the Lehigh and Wilkes-Barre Coal Company? A. I could not say as to that. We called it the Wilkes-Barre Coal Company at the time, called the pier the Wilkes-Barre pier, and the coal lands, I was always under the impression, were controlled by the Lehigh and Susquehanna Railroad.

Q. Do you know whether the actual corporate name of it was ever the Lehigh and Wilkes-Barre Coal and Iron Company? A. I do not.

Q. Or whether it was ever called the Honeybrook Coal Company? A. I do not know as to that.

Mr. Kingsbury:—Does the company which the witness mentions control practically the same coal lands as

the present Lehigh and Wilkes-Barre Coal Company, one of the defendants in the suit.

MR. REYNOLDS:—No.

GEORGE WOLF, having been duly sworn, was examined as follows:—

By MR. DEFOREST:

Q. Are you auditor of passenger traffic of the Central Railroad Company of New Jersey? A. I am.

Q. How long have you been officially connected with the Central Railroad? A. Since 1858.

Q. What was the first position that you occupied? A. Freight and ticket clerk at Easton, Pennsylvania.

Q. What successive positions have you occupied during your connection with the Central Railroad Company of New Jersey? A. About 1860 I came to the office of the chief clerk of the general passenger agent, and was made his chief clerk in 1882, and I became practically auditor of passenger traffic. My first title was chief clerk of passenger accounts, and then auditor of passenger traffic.

Q. When did you become auditor of passenger traffic? A. When we took back the road from the Reading, on January 1st, 1887.

Q. Have you had an intimate knowledge of the Central Railroad of New Jersey and its leased lines during the entire period of your official connection with it? A. As an employee would, naturally, that is most of the time at its headquarters.

Q. You have traveled over it and all parts of it? A. Yes, sir; all parts of it.

Q. Frequently? A. Quite frequently. I went to Easton every Saturday for many years.

Q. Did you reside at Easton during that time? A. My mother did.

Q. Have you a recollection of the then main route to the West, in the '60's, known as the Allentown route, of which the Central Railroad formed a part? A. Quite a vivid recollection of it: yes, sir.

Q. Were you in the war? A. Yes, sir; I was. I was supposed to be on leave of absence.

Q. That is, you had leave of absence from your railroad duties when you were serving in the war? A. I resigned my position, and Mr. Johnston called me into the office and said to me "You cannot resign your position. You are still in the employ of the company, and your position is there whenever you return."

Q. Who was Mr. Johnston? A. President of the railroad.

Q. You mean John Taylor Johnston? A. John Taylor Johnston, yes.

Q. You know, as a fact, that that Allentown route had a very heavy traffic, so long as it continued? A. Yes; I do.

Q. Did it have any fast freight lines on it? A. I am speaking from my knowledge of freight—the Empire and Union Lines ran over the Allentown Line, but I do not know of any others. I have a recollection of those two lines.

Q. Was there a large livestock traffic? A. Quite a large livestock traffic. The abattoirs at Jersey City here then existed.

Q. Did that traffic continue so long as the line remained open as a through line? A. Yes, sir.

Q. When was it closed as a through line? A. That I cannot tell you—my memory for dates is very poor—only in this way, that it was closed when the Pennsylvania took possession of the New Jersey Railroad and Transportation Company. Then they diverted all their traffic by way of Philadelphia.

Q. Is it a fact that, previous to the control by the Lackawanna of a through line of its own to tidewater, and to the control by the Lehigh Valley of a through line of its own to tidewater, the traffic of both of those roads passed over the Jersey Central to tide at New York? A. Yes, sir.

Q. When you first knew the Central Railroad of New Jersey, was it constructed with a view to receive that

traffic, as well as the traffic from the Lehigh and Susquehanna? A. It was in a position to carry it.

Q. I mean, was the road built with tracks and terminal facilities, double track and so on, with a view to that extensive traffic? A. Oh, yes; undoubtedly.

Q. Do you remember the third rail to carry the traffic of the Lackawanna? A. Very distinctly, I remember it.

Q. Was there any traffic coming to the Central Railroad of New Jersey for which that third rail was used, except the traffic coming over the Lackawanna? A. Not any, except the coal traffic; the coal traffic of the Delaware, Lackawanna and Western.

Q. Was the traffic from all other roads transported in standard gauge cars, as distinguished from broad gauge? A. Yes, sir. Mr. Unruh told you that the Lackawanna was a broad gauge road, six feet gauge, and it was necessary to lay the third rail so as to carry their cars to Elizabethport.

Q. Was all the traffic of the Lackawanna lost to the Central Railroad after that road leased the Morris and Essex Railroad? A. My recollection is, no, sir, not until the Lackawanna reconstructed their road and made it a standard gauge. Then they diverted all their coal to the Morris and Essex.

Q. After the Lackawanna Railroad changed their gauge, so as to correspond with the gauge of the Morris and Essex, was it then diverted? A. All of it; yes, sir.

Q. About when was that? 1875, or before? A. Somewhere in the early '70's. I am not able to give you any dates.

Q. And did the Lehigh Valley begin to divert its traffic from the Central Railroad when it leased the Morris Canal? A. It certainly did, its coal.

Q. Was that traffic entirely diverted when the Easton and Amboy Railroad was constructed? A. Yes, sir.

Q. Was it a matter of common knowledge in the late '60's and 1870, that the Lehigh Valley and the Delaware, Lackawanna and Western planned to divert their traffic from the Central Railroad? A. Yes, sir; it was.

Q. Was there any other connecting line to the coal regions left to the Central Railroad of New Jersey under these circumstances, than the Lehigh and Susquehanna Railroad? A. None other, that I am aware of.

Cross examination.

By MR. COUDERT:

Q. How old a man are you? A. Seventy-two.

Q. You are speaking merely from recollection? You have no documents before you? A. None whatever. I speak from my recollection.

Q. Were you a freight agent during all this time of which you speak? A. No, sir; I was in the passenger business all this time.

Q. Then you did not have anything to do with the anthracite shipments? A. Nothing whatsoever.

Q. You only know about them generally? A. The general knowledge that a man acquires at headquarters.

Q. What connections with other roads, during the time as to which you were testifying, did the Lehigh and Susquehanna Railroad have? A. What other outlets?

Q. Yes. A. There was none other at Easton except our road and the Morris and Essex.

Q. And it shipped over the Morris and Essex, did it not? A. I do not know.

Q. You merely know that it had those two outlets for its coal? A. Yes. They were the only two roads running from Easton, our road and the Morris and Essex.

Q. And it had a physical connection with both of those roads at Easton? A. Yes, sir.

T. B. KOONS, recalled:—

By MR. DEFOREST:

Q. You have already testified as a witness in this case, have you not? A. Yes, sir.

Q. Mr. Coudert wishes to know how old you are. A. Almost sixty-two; in May, sixty-two years.

Q. When did you first begin your career as a railroad officer? A. In the latter part of 1869 I was employed by

the Delaware, Lackawanna and Western Railroad as telegraph operator, on the Morris and Essex Division.

Q. Who was president of the Lackawanna road at that time? A. Samuel Sloan.

Q. Did you have a personal acquaintance with him? A. Yes, sir.

Q. Intimate? A. Quite so. He employed me personally.

Q. Have you been continuously engaged in railroad service since 1869? A. Except about two years on account of failure of health, that I was not engaged in railroad work.

Q. When were those two years? A. It was between 1877 and 1880.

Q. After you were employed by Mr. Samuel Sloan, president of the Lackawanna, for the Lackawanna, did you change your railroad relation? A. Yes, sir. In the early part of 1870 I assumed a position with the Lehigh Valley Railroad.

Q. What position? A. As one of the traffic clerks in the general freight agent's department, at Mauch Chunk.

Q. How long did you remain an official of the Lehigh Valley Railroad? A. I was about five years with them, and, on the opening of the Perth Amboy Division, I came for them to Pier 2, New York,

Q. When did you leave them to enter the employ of the Central Railroad Company of New Jersey? A. I was with them at New York, I judge, for a year and a half, possibly two years, and then I was ordered back to Mauch Chunk to do some rate work, tariff work. I remained with them nearly a year, or quite so, and then I stopped on account of my health, for several years.

Q. When did you first enter the employ of the Central Railroad Company of New Jersey? A. In November, 1880.

Q. Were you born in the coal regions? A. I was born at Treichlers, Pennsylvania.

Q. Is that in the Lehigh Valley? A. Yes, sir.

Q. Have you since boyhood been familiar with the anthracite coal regions of Pennsylvania and with the railroad lines running therefrom to tidewater at New York, including the Delaware, Lackawanna and Western, the Central Railroad of New Jersey, the Lehigh and Susquehanna Railroad, and the Lehigh Valley Railroad? A. Yes, sir.

Q. Previous to the lease by the Central Railroad Company of New Jersey in 1871 of the Lehigh and Susquehanna Railroad, did the chief traffic, and particularly the coal traffic, of these railroads reach tidewater at New York harbor over the Central Railroad Company of New Jersey? A. Yes, sir.

Q. When did it first become known that the Delaware, Lackawanna and Western Railroad and the Lehigh Valley Railroad planned independent outlets, and planned to take their traffic away from the Jersey Central? A. About 1870 the Lehigh Valley commenced to undertake an extension of its own tracks to tidewater, and, about the same time, the Delaware. Lackawanna and Western people secured control of the Morris and Essex Railroad and provided for their own line to tidewater at Hoboken.

Q. Under what business conditions did the Central Railroad Company of New Jersey lease the Lehigh and Susquehanna Railroad? A. The conditions at the time they did lease the Lehigh and Susquehanna Railroad, they were absolutely forced to do so, or else have no business whatsoever. The traffic of the Lehigh Valley had been diverted from them, as well as the Delaware, Lackawanna and Western traffic, by way of Hampton Junction. It left them without any traffic, and simply a local road between Phillipsburg and tidewater.

By Mr. Coudert:

Q. Were you in the employ of the Central Railroad Company of New Jeresy at that time? A. The Lehigh Valley.

By Mr. DeForest:

Q. Are you familiar with the fact that the Jersey Central previous to that time had made very large expenditures on its roadbed, side tracks, its docks, piers and coal pockets,

for the reception of through freight, and particularly coal, from all these railroads to tidewater? A. Yes, sir.

Q. It was, in fact, built to be the trunk line, was it not? A. Yes, sir.

Q. Fed by these three different railroads in Pennsylvania, and to bring their traffic to New York? A. Yes, sir, it was the terminal line for these several large interests at that time.

Q. And it first became manifest about 1870 or 1869 that these roads, the Lackawanna and the Lehigh Valley, were seeking independent outlets, with a view of diverting their traffic? A. Yes, sir.

Q. You are familiar with the former Allentown route to the west, of which the Central Railroad of New Jersey formed a part? A. Yes, sir.

Q. Up to what time did that continue? A. That continued until about 1874 or 1875, but it reduced its tonnage; the tonnage was gradually reduced during that period, from about 1870 to 1871. The Pennsylvania about that time, or previous, had arranged for its own traffic by an extension of its line, in connection with the New Jersey Railroad and Transportation Company by way of Trenton.

Q. Has the Central Railroad since 1871, and since its lease of the Lehigh and Susquehanna, been a competitor in the carriage of coal with the Lehigh Valley and the Lackawanna Companies? A. Absolutely.

Cross examination.

By Mr. Coudert:

Q. Have there been any other competitors? A. Other competitors of the Central?

Q. Yes. A. Yes.

Q. What roads were the other competitors? Will you mention them, please? A. Reading would have been a competitor.

Q. Any others? A. The Pennsylvania, more recently.

Q. Did these other roads that you mention reach the same collieries which the Lehigh and Susquehanna reached? A. The Delaware, Lackawanna and Western and the Lehigh Valley?

Q. Yes. A. No, except after the Lehigh Valley was extended into the Wyoming region. Then there were some collieries that were common with the two lines. The Lehigh Valley in that period handled its coal principally, or secured its coal principally, from the Hazelton district and Beaver Meadow, and the Lehigh and Susquehanna secured its coal from the Summit and Panther Creek districts, and, after the extension of its road to Wilkes-Barre, from the Wyoming district and the same collieries, in some instances, from which the Lehigh Valley secured coal.

Q. You do not know in how many instances? A. No, I could not mention those in detail.

Q. Five or six? A. Yes, possibly that.

Q. Comparatively few, were they not? A. Not many at that time, because the development was not so great in the coal industry at that time.

Q. So that the competition for the coal mined in the same collieries was a very small item? A. It was only to the extent that the traffic was developed. Competition was possibly as great in ratio at that time as it is now, by reason of the enlarged traffic. The competition at that time was very intense between the Lehigh and Susquehanna and the Lehigh Valley Railroad—very marked.

Q. Competition for tonnage, for coal tonnage? A. Yes, sir.

Q. And that competition was not confined merely to those three or four or five collieries to which they both had access, was it? A. No, for the reason I have stated; they did not all reach the same collieries.

Q. It was a general competition for the anthracite coal, as I understand you? A. Yes.

Q. And very sharp and keen, between these roads that you have mentioned? A. Yes, sir.

Re-direct examination.

By Mr. Reynolds:

Q. The Lehigh Valley Railroad is on one side of the Lehigh River and the Lehigh and Susquehanna Railroad is on the other side of the Lehigh River, all the way up, are they not? A. Yes, sir.

ROBERT W. DEFOREST, having been duly affirmed, was examined as follows:—

By MR. REYNOLDS:

Q. What is your relation to the Central Railroad of New Jersey? A. I am vice-president and general counsel.

Q. How long have you been familiar with its affairs? A. My official relation to the Central Railroad Company of New Jersey began at the close of 1873, when I became its general attorney, and that official relation has continued ever since. I was also one of the counsel for the Receiver of the Central Railroad of New Jersey, as well as its general attorney, from 1877 to 1883. I became general counsel of the Central Railroad of New Jersey after ex-Chancellor Williamson's death, in 1893. I became vice-president in 1902, and later vice-president and general counsel, and I became a director on September 21st, 1906. My knowledge of the road and its affairs began in the Summer of 1867, and has been continuous ever since that time.

Q. Who was president of the railroad in 1867? A. John Taylor Johnston.

Q. And what relation was he to you? A. I was engaged to his eldest daughter, whom I subsequently married, and he then became my father-in-law.

Q. What were the connections of the Central Railroad of New Jersey, and its chief business at that time, in the late sixties, when you first had knowledge of it? A. When I first became familiar with the road, it furnished the all-rail route for tidewater coal to New York harbor, and for other traffic, from the Lehigh Valley Railroad, which connected with it at Easton, and for the Delaware, Lackawanna and Western Railroad, which connected with it at Hampton Junction, as well as for the coal brought to it by the Lehigh Coal and Navigation Company over its railroad, known as the Lehigh and Susquehanna Railroad. The anthracite from these three different sources was the chief business of the Central Railroad Company of New Jersey. It was built with a third rail from Hampton Junction to Elizabethport, to accommodate the then broad gauge of the Delaware, Lackawanna and Western Rail-

road, and that third rail ran from the junction of the Central Railroad with the Lackawanna Railroad, from Hampton Junction, to the then coal terminus of the Delaware, Lackawanna and Western Railroad at Elizabethport, which was an extensive tract of some thirty or forty acres of land, with docks and shipping facilities. The Central Railroad Company of New Jersey also at that time had its own coal terminus at Elizabethport, which had been the original coal terminus, and, indeed, the original terminal point of the railroad at tidewater, and, at the time when I first became familiar with the Central Railroad, it was building its new coal terminus, which supplemented the other and was intended to replace the other at Port Johnston, where their coal terminus now is. The road had been extensively developed, by a number of its tracks and sidings, and particularly by its terminals, for the traffic of those three railroads and also for the traffic of the then through line to the west, known as the Allentown route, which started from New York over the Jersey Central, passed on to the Lehigh Valley at Easton, thence over the Reading Railroad to Harrisburg, and thence via the Pennsylvania Railroad west. The business of the Jersey Central itself, as compared with the business which it received from these different lines, was comparatively insignificant and local.

Q. What change in the connections and business of the Central Railroad preceded its lease of the Lehigh and Susquehanna Railroad, in 1871? A. Two or three years preceding that lease, that is, preceding 1871, it became apparent and notorious that the Delaware, Lackawanna and Western and the Lehigh Valley Railroad were proposing to build or control independent lines of their own to tidewater in New York, and to take away their traffic from the Jersey Central. This policy on the part of the Lackawanna road was evidenced by its lease of the Morris and Essex Railroad in 1868, and the withdrawal of its traffic from the Central during the succeeding years; on the part of the Lehigh Valley, by its lease of the Morris Canal, which was consummated in 1871, and by its acquisition of the New Jersey West Line Railroad, or a majority of the

stock of that railroad, a controlling interest in it, a railroad which was projected across New Jersey from tidewater to a connection with the Lehigh Valley, which had extensive terminals on New York harbor at Jersey City, then known as the West Line Grant, and which was only partly subsequently constructed. Now upon the completion of these through lines to carry the traffic of these other roads, all their traffic was lost to the Central Railroad of New Jersey, I do not mean lost immediately, because some of the traffic of the Lackawanna road continued to pass over the Central Railroad up until 1875.

Q. What did the Jersey Central Railroad do under those circumstances? A. The Central Railroad negotiated a lease of the Lehigh and Susquehanna Railroad. That was the railroad of the Lehigh Coal and Navigation Company. At the time of this lease, and previous to it, the Lehigh Coal and Navigation Company was in financial difficulties, and it was brought to the attention of Mr. John Taylor Johnston, then president of the Jersey Central Railroad, that there was an attempt on the part of rival interests to obtain control of it, and he succeeded in negotiating and bringing about the arrangement of March 1st, 1871, by which the Central Railroad Company leased the Lehigh and Susquehanna Railroad. The situation then was that, if the Central Railroad had not succeeded in maintaining that connection as a connecting line into Pennsylvania, the bulk of the Central Railroad's traffic would have been entirely lost, and the Central Railroad would have fallen into the position of a mere local railroad, and all its large investments, made with a view to this extensive traffic from these three railroads, would have been lost.

By Mr. Coudert:

Q. You mean by traffic, coal traffic? A. I mean coal traffic chiefly. I mean also other traffic; merchandise traffic. The Central Railroad at that time was really fighting for its life, and, except for that lease, would not have survived. As a matter of fact, had the Central not leased, or otherwise maintained, that relation, connecting relation, with the Lehigh and Susquehanna Railroad, it would have been abso-

lutely ruined—permanently and irrevocably ruined. It was ruined, at least temporarily, by the withdrawal of the traffic of those two railroads. As I stated, some of that traffic continued until 1875, and, chiefly as the result of the withdrawal of the traffic of the Lackawanna road and the Lehigh Valley Railroad, the Central became involved in serious financial difficulties in 1876, and in 1877 passed into the hands of a Receiver, appointed in insolvency proceedings by the Court of Chancery of New Jersey, under the New Jersey Act; and, indeed, its future seemed so hopeless that its stock sold as low as six in the market. During that receivership the Lehigh and Susquehanna Railroad brought proceedings to annul this lease, but, fortunately for the Jersey Central, those proceedings were not successful and the lease was maintained through the receivership, and has been maintained since, as you know.

Q. At what date was that? A. The receivership of the Jersey Central was in 1877. The attempt of the Lehigh Coal and Navigation Company to get back that lease, or to terminate that lease, was also in 1877.

Q. Do you remember on what ground? A. I do not recall precisely. I have the means of refreshing my recollection by looking back at the papers. As I recall, it was on the ground that the rental had not been paid, and that no longer opportunity should be given to the Central to pay up the arrears of rent.

Q. Did that ever go to judgment? A. It went to hearing.

Q. But was not decided? A. It went to hearing and was decided adversely for the Lehigh Coal and Navigation Company. The proceedings were in the United States Circuit Court of Pennsylvania. I am not perfectly certain that it went to actual decree. I know that it proceeded to a point where the final result was made evident to both companies and to the Receiver of the Jersey Central, and that the Receiver of the Jersey Central succeeded in preventing the annulment of that lease. The Central Railroad remained in the hands of a Receiver until 1883.

The conditions of railroad management and public opin-

ion and expectation with regard to railroad organization in these parts of the country served by the anthracite railroads, are entirely different now from what they then were, and from what they were at the time when the Jersey Central was developed to serve as an outlet for these three railroads. The Central Railroad was so developed in the fifties and the early sixties, and its terminals were acquired in the expectation that it would continue to be a trunk line, running through New Jersey and serving those three railroads, as is well illustrated by the map which was put in evidence, which is attached to the report of 1854, and it was only during the latter part of the sixties that it became known that any new policy would be inaugurated by these other two roads to form independent lines to tidewater. The lease of 1871 was forced upon the Central Railroad as a means of self-preservation.

Cross examination.

By MR. COUDERT:

Q. You are a stockholder in the Central Railroad Company of New Jersey? A. I am.

Q. To what extent? A. Between three and four hundred shares.

Q. And your family also hold shares in the Central Railroad? A. Some members of my family do.

Q. To what extent? A. In the aggregate not to a larger extent than I have named. I do not know exactly. I could give you the exact figures if you wished them.

Q. You spoke of some rival interests desiring or attempting to obtain control of the Lehigh and Susquehanna. What were those rival interests? A. I am not certain what particular ones they were, whether the then Lackawanna interests, or the then Lehigh Valley interests, or the Pennsylvania interests, or persons allied with those companies.

Q. The Lehigh and Susquehanna had a large anthracite tonnage at the time of the lease, had it not? A. Yes, sir.

Q. With what roads was it competing for anthracite tonnage at that time? A. With the Lehigh Valley; as I recall, the Lackawanna ——

Q. Any others that you know of? A. Possibly the Pennsylvania, although of that I am not perfectly certain.

Q. The Reading? A. It was competing with the Reading, but not in coal traffic destined to points on New York harbor, so far as I know.

Q. The Reading at that time ran to where, do you remember? A. Philadelphia was its terminus at tidewater.

Q. When did it first begin to run over your road from Bound Brook? A. The Bound Brook connection, the so-called Philadelphia New Line, was completed in 1876. It was not then the Reading. That connection was formed with three railroads, the Jersey Central to Bound Brook Junction; the Delaware and Bound Brook Railroad from Bound Brook Junction to the Delaware River; and the North Pennsylvania Railroad from the Delaware River into Philadelphia It was subsequent to that time that the Reading acquired control of the North Pennsylvania Railroad and the Delaware and Bound Brook.

Q. Did the Central Railroad, at the time of the lease, own any coal lands, either directly or through stock ownership? A. The Central Railroad neither at that time, or at any time, has owned any coal lands.

Q. I say, either directly or through stock ownership. Did it own any stock in any coal companies at that time? A. The Central Railroad, at or about that time, acquired interests in the stock of two or three companies, of which I recall the Honeybrook Coal Company was one and the Wilkes-Barre Coal and Iron Company another.

Q. And that was about simultaneous with the lease of the Lehigh and Susquehanna, was it not? A. Within two or three years before or two or three years after.

Mr. Reynolds:—As a matter of fact, it was not until about 1874.

Mr. Coudert::—Were there not some acquisitions before that?

Mr. Reynolds:—No.

The Witness:—I should have to refresh my recollection by looking at the books, to be sure as to dates.

Q. Your general impression is now that there were ac-

quisitions at or about that time? A. My general impression is that there were acquisitions of stock in anthracite coal companies, or an anthracite coal company, at or about that time, and my recollection would be that it was subsequent to the lease.

Q. You know, as a matter of fact, do you not, that at that time the other roads that you have spoken of as competitive, were engaged in acquiring coal lands? That was the common knowledge of the time, was it not, among railroad men? A. It was the common knowledge at the time that the railroads were either acquiring coal lands, or acquiring stock in companies that owned coal lands. That was a time when the Morris and Essex was authorized to buy coal lands itself.

By Mr. Reynolds:

Q. You do not mean the Morris and Essex? A. When the Delaware and Lackawanna was authorized to buy coal lands, and did buy coal lands, itself, and when it was thought to be the proper and wise policy for railroads to obtain such relations to coal lands as to give them the traffic from coal lands, and when those interested in one railroad or in another railroad were seeking to acquire interests in coal lands so as to dissociate them from other interests.

By Mr. Coudert:

Q. I take it that on questions of policy you are opining and not affirming; is that right? A. I do not quite know just what difference you would put upon those two words. I am affirming.

Q. You are affirming an individual opinion when you speak of policies? A. When I speak of policy, I am giving an individual opinion, but I am also speaking of facts of which I know.

Q. You made a statement in your direct examination, or an affirmation, as to some change in public opinion. What did you refer to? A. I referred to public policy as expressed in general opinion and in legislation, with regard to the relation between railroads in the anthracite region and coal lands.

Q. You were counsel for the Central Railroad in the so-called old Reading case, reported in 226 U. S.? A. Just what case do you mean?

Q. The old Reading case, the case of U. S. *vs.* The Reading, Jersey Central and other railroads, reported in 226 U. S. A. You mean the so-called Temple Iron Company case?

Q. Yes. A. I was.

Q. You were also counsel, were you not, for some of the railroads in the so-called Commodities Clause case, The Delaware and Hudson against the United States, in 213 U. S.? A. I was.

Q. Exhibit B, attached to the Government's petition, is the articles of agreement made in May, 1883, between the Lehigh Coal and Navigation Company and the Central Railroad Company of New Jersey. It is apparently a supplemental agreement. Do you remember whether that was made as a consequence of the litigation that you spoke of between the receiver of the Central Railroad Company and the Lehigh Coal and Navigation Company? A. No, it was not. It was made as the result of, or it followed from, the then lease of the Central Railroad of New Jersey by the Philadelphia and Reading Railroad Company. That lease was opposed by the Lehigh Coal and Navigation Company, and they either started, or it was known that they intended to start legal proceedings to prevent it. The agreement of 1883, to which you refer, embodied a settlement of those questions at issue at that time between the Reading and the Lehigh Coal and Navigation Company, growing out of the lease by the Reading of the Jersey Central. It was that agreement, as I recall, which fixed the minimum and the maximum rental. That agreement was exacted by the Lehigh Coal and Navigation Company as a condition of their not opposing the Reading's lease of the Jersey Central.

Q. You mean the Port Reading lease? A. No.

Q. The earlier lease? A. The lease of 1883, which was terminated during the first receivership of the Reading, because the Reading failed to carry out its terms.

Q. Is that a lease that you advised? A. That is a lease which, so far as my advice went, I opposed, but unsuccessfully. I did everything I could to prevent that lease. Providence intervened to terminate it.

By Mr. Reynolds:

Q. By that lease you mean the lease of the Jersey Central to the Reading? A. Of 1883.

By Mr. Coudert:

Q. That was not the lease, of course, that was declared unlawful in Stockton *vs.* the Attorney-General? A. No; that was a lease of the Port Reading Railroad.

Q. You are familiar with that supplemental agreement of 1883, are you? A. I have been familiar with it, and I am generally familiar with it.

Q. That agreement contains the following clause: "Will cause the development of the Lehigh and Wilkes-Barre Coal Company's lands to proceed *pari passu* with that of the lands of the Philadelphia and Reading Coal and Iron Company, so that the production of the two coal estates shall bear to each other the numerical relation of 28 for the Lehigh and Wilkes-Barre Coal Company to 72 for the Philadelphia and Reading Coal and Iron Company, at least until the production of the Lehigh and Wilkes-Barre Coal Company's land shall reach three million tons per annum; beyond which it shall not be required to be increased." Do you remember how those numerical proportions were fixed at that time? A. I do not. I had nothing to do with the fixing of those numerical proportions.

Q. You only know that they were fixed and counsel were told to put them in the lease, I suppose? A. Yes.

(At 1 P. M. a recess was taken until 2 o'clock P. M.)

T. B. Koons, recalled:—

By Mr. Reynolds:

Q. I want to direct your attention to a letter that appears in the Government Record, by Mr. Fowler to Mr. Baer, on page 315 of the record, and I call your attention to page 318 of the record, where Mr. Fowler states: "The

Jersey Central has now openly given a rebate of fifteen cents per ton on a considerable portion of its tidewater coal, after having quietly done so for years, as I am told, although with the knowledge of some of its competitors—in neither case has the general situation been affected." From your knowledge of conditions at the time that letter was written, can you state whether that reference is to this tariff which I now show you? A. Yes, sir.

MR. REYNOLDS:—That is Interstate Commerce Commission Tariff A No. 3, and from that tariff I wish to read into the record only this paragraph:—

"On consignments transported by C. R. R. of N. J. to Jersey City, N. J., and trans-shipped thence by dray or wagon in connection with C. R. R. of N. J. ferries to foot of Liberty or foot of Twenty-third Street, North River, N. Y., an adjustment of fifteen cents per ton will be made to equalize similar shipments moving over Port Liberty, Communipaw or Port Johnston piers, thence by water."

By MR. REYNOLDS:

Q. That is your tariff which became effective August 29th, 1906, is it not? A. Yes, sir.

Q. Did that tariff remain on file with the Interstate Commerce Commission for several years? A. Yes, sir.

Q. And under that tariff did you make freight rates in strict conformity with the tariff, and make the adjustments as provided therein? A. Yes, sir.

Q. That tariff is no longer in effect, I believe? A. No, sir; withdrawn about three years ago.

Q. In the Government's case, the Government put into the record a number of leases, with different kinds of clauses, by which it was sought to be provided that the lessee should move his tonnage, so far as possible, delivered at the leased properties, over the Central Railroad of New Jersey. Those leases are excerpted in the stenographer's minutes between pages 725 and 731, inclusive (printed pages 353-356). It also appears in the record that a great number of leases have no such clause in them. I show you the stereotyped blank form used by the Jersey

Central for siding agreements for many years. Do you recognize it? A. Yes, sir.

MR. REYNOLDS:—I desire to place in evidence the fifth clause of that agreement, which is a routing clause, reading as follows:

Fifth.—All freight or coal which the party of the second part has to offer for shipment from or which is to be received at said siding or trestle, so far as the party of the second part can control the routing thereof to or from points on or reached via the lines of the party of the first part, shall be shipped over such lines and their connections whenever the rates charged for such service shall not exceed those charged to others for a generally similiar service, and whenever such rates shall not exceed the rates charged by other railroad companies for like transportation between the same points.

Q. Is that, and has it for many years been, the general form of siding or trestle agreement which the Company has used in constructing siding facilities and connections for shippers along its line? A. Yes, sir.

Q. Has it been used since the passage of the Interstate Commerce Act and its amendments? A. Yes.

Q. Has it been used generally since the Act was amended to provide for siding connections? A. As I understand; yes, sir.

Q. That section reading that "any common carrier subject to the provisions of this Act, upon application of any shipper tendering interstate traffic for transportation, shall construct, maintain and operate, upon reasonable terms, a switching connection with any private side track where such connection will furnish sufficient business to justify the construction and maintenance of the same." In years past has it been a matter of form to have that clause in such agreements, to persuade the shipper to furnish sufficient business to justify the construction and the maintenance of such sidings and connections? A. Yes, sir.

Q. Has any objection ever been made by any lessee to such a term in any of these contracts? A. Not that I know of.

Q. None has ever been made to you? A. No, sir.

Q. As a matter of fact have you ever followed up and kept track of whether these routing covenants have been observed by the lessees? A. I have not.

Q. You are the one that is interested in the traffic, are you not? A. Yes, sir.

Q. Would there be anyone else in the organization whose duty it would be to follow it up, except yourself? A. I do not think so; no, sir.

Q. Did you ever cancel any lease on the ground that this covenant was broken? A. Never.

Q. Have you ever used such a clause to influence traffic over your road, as far as you can recall? A. No, sir.

Q. Generally speaking, are those trestles or private sidings requiring a separate operating service? A. Yes, sir.

Q. A particular maintenance of the property? A. Yes, sir.

Q. On page 59 of the Government's Petition, in referring to the Lehigh and Hudson River and the Lehigh and New England Railroad Companies, the Government avers that those two roads are "parallel routes of transportation between the anthracite fields and points in New York and New England on the New York Central lines and the lines of the New York, New Haven and Hartford Railroad system, over which anthracite and other freights then (referring to 1904) and at all times since have moved in continuous carriage." Then, after making that averment, they make this averment: "And then as now there was but one other direct rail route between the anthracite fields and central and southern new England." Is that last averment true or untrue? A. Not correct.

Q. How many other direct rail routes between the anthracite fields and central and southern New England are there, which do not involve a haul partly over the Lehigh and New England Railroad or the Lehigh and Hudson River Railroad? A. Seventeen.

MR. COUDERT:—Direct rail routes?

MR. REYNOLDS:—Direct rail routes, yes.

By MR. REYNOLDS:

Q. Did you, at my request, have the Interstate Commerce Commission certify, under the statute, the tariffs covering these seventeen routes? A. I did.

Q. Are these tariffs that I show you those tariffs? A. Yes, sir.

(Mr. Reynolds handed the said tariffs to counsel for the Government.)

Q. Will you hand the Examiner a brief summary describing these seventeen through direct rail routes between the anthracite fields and central and southern New England? A. Yes, sir.

(The witness handed the Examiner the following summary, as requested):—

1. Lehigh Valley R. R. tariff I. C. C. No. D 318, effective October 6th, 1908, and supplements thereto, from Wyoming, Lehigh and Schuylkill regions to points on the Boston and Albany R. R. via National Junction (Jersey City) West Shore R. R. and Boston and Albany R. R.

2. Lehigh Valley R. R. tariff I. C. C. D. 505, effective March 21st, and supplements thereto, from Wyoming, Lehigh and Schuylkill Regions to points on the Central Vermont Railway via National Junction (Jersey City) Boston and Albany R. R. and Palmer, Mass. for Southern Division.

3. Lehigh Valley R. R. tariff I. C. C. No. D 639, effective December 29th, 1913, and supplements thereto, from Wyoming, Lehigh & Schuylkill regions to points on the New York, New Haven & Hartford R. R. via Jersey City and N. Y. N. H. & H. R. R. floats.

4. Lehigh Valley R. R. tariff No. D 409, effective November 21st, 1910, and supplements thereto, from Wyoming, Lehigh & Schuylkill regions to points on the Boston & Maine R. R. via National Junction (Jersey City) West Shore R. R. via Rotterdam Junction & Boston & Maine R. R.

5. Philadelphia & Reading tariff I. C. C. A 340, effective September 13th, 1909, and supplements thereto, from Mahanoy and Shamokin District to points on the Boston & Albany R. R. and Grafton & Upton R. R. via Newberry

Junction, New York Central & Hudson River R. R. via West Albany Transfer and Boston & Albany R. R.

6. Delaware & Hudson Company tariff I. C. C. No. 11,013, effective May 1st, 1912, and supplements thereto, from Wyoming and Scranton region to points on Boston & Maine R. R. via Mechanicsville, N. Y., and Boston & Maine R. R.

7. Delaware & Hudson Company tariff I. C. C. No. 11,-013, effective May 26th, 1913, and supplements thereto, from Wyoming and Scranton region to points on Central New England Railway via Albany, N. Y. C. & H. R. R. via Poughkeepsie, Fishkill Landing and Rhine Cliff, N. Y.

8. Delaware and Hudson Company tariff I. C. C. No. 11,311, effective May 19th, 1913, and supplements thereto, from Wyoming and Scranton region via Mechanicsville, N. Y., Boston and Maine via Millers Falls, Mass. for points in Connecticut and Massachusetts. For points in Vermont via Rutland, Vt., and Rutland R. R. via. Burlington and via. B. & M. and South Vermont.

9. Delaware and Hudson Company tariff I. C. C. No. 11,612, effective January 5th, 1914, and supplements thereto, from Wyoming and Scranton region to points on the Boston and Albany R. R. via Albany or Schenectady, N. Y., and Boston and Albany R. R.

10. Delaware, Lackawanna and Western R. R. tariff I. C. C. 7759, effective November 14th, 1911, and supplements thereto, from Wyoming and Scranton region to points on Boston & Albany R. R. via Utica, N. Y. C. & H. R. R. and West Albany Transfer and Boston & Albany R. R.

11. Pennsylvania R. R. tariff I. C. C. No. 312, effective January 1st, 1910, and supplements thereto, from Scranton, Wyoming, Lehigh and Schuylkill regions to points on New York, New Haven & Hartford R. R. via Jersey City and N. Y., N. H. and H. floats.

12. New York, Ontario & Western R. R. tariff I. C. C. 3926, effective February 14th, 1910, and supplements thereto, from Scranton and Carbondale region to points on Central New England Railway via Campbell Hall, N. Y.

13. New York, Ontario & Western Ry. tariff I. C. C. 4420, effective February 15th, 1911, and supplements thereto, from Scranton and Carbondale district to points on Boston & Albany R. R. via Cornwall, N. Y. West Shore R. R. via Albany and D. & A. R. R.

14. New York, Ontario & Western Ry. tariff I. C. C. 5149 effective February 6th, 1913, and supplements thereto, from Scranton and Carbondale district to points on N. Y. N. H. & H. R. R. via Campbell Hall, Central New England Rwy. and Hopewell Junction and N. Y. N. H. & H. R. R.

15. New York, Ontario & Western Rwy. tariff I. C. C. 5225, effective May 15th, 1913, from Scranton and Carbondale district to points on Central Vermont R. R. via Campbell Hall, N. Y., Central New England Rwy., Hopewell Junction, N. Y. N. H. & H. R. R. via Willimantic, Conn.

16. Erie Railroad tariff I. C. C. No. D 576, effective June 1st, 1911, and supplements thereto, from Wyoming, Scranton and Carbondale regions to points on Boston & Maine R. R. via Newburg, N. Y., West Shore R. R., Rotterdam Junction and B. & M. R. R.

17. Erie R. R. tariff I. C. C. No. D 634, effective November 3rd, 1913, and supplements thereto, from Wyoming, Scranton and Carbondale regions to points on N. Y. N. H. & H. R. R. via Maybrook, N. Y., Central New England Rwy. via Hopewell Junction and N. Y. N. H. & H. R. R.

Q. Did you, at my request, learn about the tonnage of coal which, during the past three years, has moved over the routes of which the Lehigh Valley forms the initial carrier, in this list of seventeen? A. I did.

Q. Will you please state what the tonnage for each year is moving over those routes? A. Lehigh Valley Railroad, for 1913, 718,056 tons; 1912, 720,211 tons; 1911, 711,849 tons.

Q. Will you please state the tonnage which moves over the routes of which the Delaware and Hudson Company forms the initial carriers to New England? A. For the

year ending June 30th, 1913, 1,736,157 tons; for the year ending June 30th, 1912, 1,192,150 tons; for the year ending June 30th, 1911, 1,402,827 tons.

Q. Will you now read the tonnage which you learned moved over the routes of which the Philadelphia and Reading formed the originating carrier? A. For the year ending June 30th, 1913, 470,430 tons; for the year ending June 30th, 1912, 298, 216 tons; for the year ending June 30th, 1911, 290,611 tons.

Q. Will you now read what you learned was the tonnage moving over the routes of which the Delaware, Lackawanna and Western was the initial carrier? A. For the year 1913, 23,638 tons; 1912, 15,651 tons; 1911, 371 tons.

Q. That was a very small tonnage, was it not, all of it? A. Correct.

Q. Will you next read in the tonnage that moved over the New York, Ontario and Western, as an initial carrier, and thence into New England? A. 1913, 460,012.08 tons; 1912, 521,317.04 tons; 1911, 539,667.12 tons.

Q. Will you read in the tonnage that moved over the Erie Railroad as an initial carrier, and thence into New England? A. 1913, 315,235 tons; 1912, 363,497 tons; 1911, 409,577 tons.

Q. Will you next read in the tonnage that moved over the Pennsylvania Railroad as an initial carrier, and thence into New England? A. 1913, 183,456 tons; 1912; 113,-868 tons; 1911, 36,109 tons.

Q. Now will you please state the tonnage which moved over the routes of which the Central Railroad of New Jersey forms the initial carrier, to New England? A. 1913, 276,653.05 tons; 1912, 226,349.16 tons; 1911, 168,562.15 tons.

Q. Did the Lehigh and Hudson River Railroad become an avenue of transportation of anthracite coal to New England in any substantial degree prior to September 1st, 1908? A. It did not.

Q. I show you I. C. C. Supplement No. 5 to No. 77 Tariff of the Central Railroad Company of New Jer-

sey. Is that the occasion upon which the routing of coal to New England via the Lehigh and Hudson River Railroad began in any considerable quantity? A. Yes, sir.

Mr. Reynolds offered the said tariff in evidence. Marked "C. R. R. of N. J. Exhibit No. 10, April 7, 1914, C. H. G."

The tariff is as follows:—

"Supplement No. 5 to I. C. C. A. No. 77.

CANCELLATION.

The Central Railroad Company of New Jersey in connection with New York, New Haven & Hartford Railroad (Fx3-No. 65 corr.). Grafton & Upton Railroad Fx3-No. 12. Moshassuck Valley Railroad (Fx3-No. 65 corr.). Narragansett Pier Railroad (Fx3-No. 78). Newport & Wickford Railroad (Fx3-No. 11). Wood River Branch Railroad (Fx3-No. 65 corr.).

Joint Freight Tariff on Anthracite Coal to New York, New Haven and Hartford Railroad. Effective September 1st, 1908.

Rates shown in Tariff I. C. C. A. No. 77, providing for rates on Anthracite Coal via Jersey City to New York, New Haven and Hartford Railroad, Grafton and Upton Railroad, Moshassuck Valley Railroad, Narragansett Pier Railroad, Newport and Wickford Railroad and Wood River Branch Railroad will be withdrawn.

For such rates after September 1st, 1908, see Tariff I. C. C. A. No. 70, applying via Easton, Lehigh and Hudson River Railroad and Maybrook, N. Y.

Issued July 31st, 1908. Effective September 1, 1908.

Issued by T. B. Koons, Freight Traffic Manager, C. R. R. Co. of N. J., New York, N. Y. E. M. Snyder, General Freight Agent, C. R. R. Co. of N. J., New York, N. Y., W. E. Pugh, Division Freight Agent, C. R. R. Co. of N. J., Mauch Chunk, Pa. (400 Copies.)—D. S. W. & Co. File No. 7173.

By MR. REYNOLDS:

Q. What was the occasion of that change of routing? A. It was by reason of the New Haven and Hartford Railroad desiring to close the former gateway by way of Jersey City and float. The matter was finally submitted, by reason of our opposition, to the Interstate Commerce Commission for adjudication, and, after a hearing and investigation of the whole matter, it was concluded to forward certain traffic, including the anthracite coal, to New England via the Lehigh and Hudson and Poughkeepsie Bridge route.

Q. Is the Ontario and Western, Central of New England, New York, New Haven and Hartford route from the coal regions to central and southern New England longer or shorter than the routes via the coal roads to junction points with the Lehigh and Hudson and the Lehigh and New England, thence over the Central of New England and the New York, New Haven and Hartford to central and southern New England? A. The New York, Ontario and Western is the shorter.

Q. Take in comparison with these Lehigh and Hudson River and Lehigh and New England Railroad routes, the route of the Delaware and Hudson, thence via Mechanicville and the Boston and Albany to central New England; which is the shorter? A. Delaware and Hudson by way of Boston and Albany.

Q. Much more direct? A. Yes, sir.

Q. Take the routing via the Erie to Campbell Hall and thence by the Central of New England and across to central and southern New England, and compare that with the route involving the Lehigh and Hudson and the Lehigh and New England; which is shorter? A. The Erie Railroad.

Q. So that, instead of there being one other direct rail route from the coal regions to central and southern New England, there are seventeen, and of the seventeen all those that route initially over the Delaware and Hudson, the Ontario and Western and the Erie are shorter than this other direct rail route that the Government alleges is the only avenue of travel? A. Yes, sir.

Cross examination.

By MR. COUDERT:

Q. In your examination by counsel for the Government, you were asked, were you not, to testify as to the divers routes over which coal went to the various great markets of the United States? A. I was asked to explain certain lines of coal.

Q. You remember that generally, and with the map in front of you, you were asked to explain the routes over which coal went? A. Yes, sir.

Q. And all the routes? A. Yes.

MR. REYNOLDS:—No.

THE WITNESS:—No, not all the routes.

Q. Let us see if you remember. You testified as to the routing of coal, did you not? A. Yes, sir.

Q. Quite fully?

MR. REYNOLDS:—As fully as he was asked. I insist that, if you want to see what he testified to, you put it in from the record.

By MR. COUDERT:

Q. You have testified as to some investigation or proceeding before the Interstate Commerce Commission, as the result of which certain routes were closed up. I forgot what route you called it? A. The Jersey City route and float in connection with the New York, New Haven and Hartford, previous to that change.

Q. What led to that proceeding, if you remember? A. The New Haven and Hartford Railroad people claimed that the tonnage via Jersey City and float and its road was greater than they could care for, and they desired to have a diversion made to the Poughkeepsie Bridge gateway.

MR. DEFOREST:—They cancelled their tariff.

By MR. COUDERT:

Q. What did you do as a result of that cancellation? A. We appealed to the Commission and had the hearing.

Q. And then what happened? A. Then it was determined that, by reason of the Commission's direction, the New Haven and Hartford and the Central Railroad of

New Jersey should endeavor to reach a conclusion and divide the territory, whereby this coal would all move by the Poughkeepsie Bridge gateway, which was done, and that was the result of that cancellation notice of the tariff.

Q. What changes in your routing of coal did you make as a consequence of that cancellation? A. We changed the routing of the anthracite coal in connection with the New Haven and Hartford Railroad from the Jersey City gateway to the Lehigh and Hudson and Maybrook gateway.

Q. How did you ship by way of Maybrook? A. In connection with the Central of New England and New Haven and Hartford Railroad.

Q. What proportion of coal, roughly speaking, did you ship that way, do you remember, as compared with the other new England route? A. There were several hundred thousand tons, I think; something in excess of two hundred thousand.

(Mr. Reynolds directed the attention of counsel for the Government to the previous testimony of the witness, appearing at page 453 and following, of the record.)

By Mr. Coudert:

Q. In your former testimony you were referring to the routes, and all the routes, by which your own coal went to New England, and you did not refer to other routes, by which other coal went to New England; is that what you meant? Is that correct? A. I think, yes, sir; that is correct.

Q. But you testified with as much fullness as possible as to how your coal went to New England, and all the routes? A. Yes, sir; I tried to give the facts.

Q. Every single way by which it went? A. In so far as your questions were asked, as described by the lines on the map, they were followed out; but principally our own coal.

Q. You have stated that you were very familiar with the shipping contracts? A. Yes, sir.

Mr. Reynolds:—Siding and trestle contracts.

Mr. Coudert:—And also shipping contracts?

Mr. Reynolds:—Not shipping contracts.

By MR. COUDERT:

Q. You are very familiar with the routing clauses in coal leases, are you? A. Not coal leases. I am not answering about coal leases.

Q. Then you are not familiar with the fact as to how many leases contain an exclusive shipping clause? You do not know anything about it, do you? A. About shipping clauses?

Q. Yes, in coal leases. A. In connection with coal leases?

Q. Yes. A. No, I do not know anything about that.

Q. You do not know anything about that at all? A. No, sir.

Q. In addition to this form of siding agreement which you use, containing the fifth clause, to which your attention has been directed, there are, are there not, a number of other contracts, siding agreements, containing a clause for exclusive shipment, different from the one to which your counsel has called your attention? Do you know that or not?? A. Not that I know of; as far as siding agreements go other than this form of agreement, I do not know that.

MR. DEFOREST:—In different years there may have been changes in the form.

By MR. COUDERT:-

Q. Are you familiar with leases of coal bins? A. Generally speaking, yes, sir.

Q. I will refer to various ones that are found in the record on page 725 (printed page 353) and the following pages, at Bridgeton, &c., and I will read you a clause from that lease and ask you whether you are not familiar with it: "That all coal shipped to or from said demised premises and handled thereon and thereat shall be shipped over the railroad lines of the party of the first part and their connections." That is in that lease, is it not? A. I think it is; yes, sir.

Q. And you are familiar generally with that, and it is in a number of other leases? A. Yes, sir; but, as I understand, that does not vary hardly with this clause here. (Referring to fifth clause in siding agreement.)

Q. You are not a lawyer, are you, and you are not arguing this case? A. I had that in mind when I said no before.

Q. But, as a matter of fact, the clause that I have read is found in leases of coal bins and so on, of which you know? A. Yes, sir.

Q. Your counsel introduced in evidence an I. C. C. A. No. 3 tariff referring to an adjustment of fifteen cents per ton to equalize similar shipments moving over Port Liberty. How long has that adjustment been in your tariffs? A. From the date of that tariff until about three years ago, I think.

Q. Was it there before the date of that tariff, which is August, 1906? A. I do not think so.

Q. You think it began with that date? A. I think so.

Q. You are pretty sure about that? A. I am not sure.

Q. And it ended how long after? A. How long after that?

Q. Yes; how long did it last continuously? A. Until about three years ago. It was withdrawn, I think, in the latter part of 1911.

Q. That so-called adjustment of fifteen cents was actually made, was it? A. Yes, sir.

Q. In accordance with that tariff? A. Yes, sir.

Q. And it may have been made before, as far as you know? A. I cannot say positively, no, sir.

Q. And was made down to 1909? A. From the date of the tariff; yes, sir, 1906.

Q. Do you know whether, as a matter of fact, the lessees in these various siding agreements which you have mentioned ship their coal over the lines of the Jersey Central? A. Yes, sir.

Q. They live up to the agreement pretty well, do they? A. Yes, sir.

Q. In those various seventeen routes to New England, what is the maximum number of railroads in any one route that you have to go over? A. For instance, to Springfield in connection with the Lehigh Valley Railroad, there would be the Lehigh Valley, West Shore and Boston and Albany Railroad involved.

Q. Three. On any of the routes are there more than three railroads involved in the haul? A. In connection with the Lehigh Valley Railroad, the Southern Division of the Central Vermont Railway, there are the Lehigh Valley, West Shore, Boston and Albany; there are four in that case. There is no line that has more than four, and nearly all of them two and three; most of them two.

Q. Which are the lines which have but two? A. Delaware & Hudson, connecting with the Boston and Maine Railroad at Mechanicsville, direct.

Q. Why is it that none of the Jersey Central coal goes over any of those seventeen lines, except the lines as to which you testified in your first examination? A. It does go over the West Shore Railroad via National Junction, in connection with the Boston and Albany and Boston and Maine, via Albany and Rotterdam Junction.

Q. I understood you to testify, if I remember rightly, that the Jersey Central coal only went over three routes to New England; is that right? A. Yes, that is including the Lehigh and Hudson.

Q. Why did you choose those three routes out of the seventeen? A. Those are the direct and only lines that we work by.

Q. Those are the direct and only lines? A. Yes; that is, the Jersey Central.

Q. You mean the direct and only lines for your coal to go to New England? A. Yes.

Q. And those lines you described fully in your first examination? A. Yes, sir.

Re-direct examination.

By Mr. Reynolds:

Q. The Hepburn law went into effect, did it not, on August 29th, 1906? A. Yes, sir.

Q. And was that the first time that it became necessary to state in tariffs the adjustments for cartage and allowances of that sort? A. Yes, sir.

Q. That was the same date that the tariff you spoke of earlier in your testimony became effective? A. Yes, sir.

Q. Does the Lehigh and Hudson Railroad itself reach the coal regions? A. No, sir.

Q. How near to the coal regions does it go? A. The Lehigh and Hudson Railroad only operates from Maybrook, New York, to Belvidere, New Jersey.

Q. Then it has trackage over the Pennsylvania? A. From thence it has trackage over the Pennsylvania Railroad to Phillipsburg, New Jersey, and from there it has leased rights to reach our tracks at Easton, Pennsylvania, and connect with us at that point.

Q. Taking the coal going to central and southern New England it starts, then, always on some other railroad before it can get on to the Lehigh and Hudson; is that right? A. Yes sir.

Q. And the least number of railroads it could possibly cover before it struck Campbell Hall would be two railroads? A. Yes, sir.

Q. And that does not take into any account whatever the Pennsylvania as a trackage right? A. No, sir.

Q. How many railroads does coal routed over the Erie to Campbell Hall have to go over in order to get to Campbell Hall? A. Over its own line from shipping point to Campbell Hall.

Q. Ontario and Western? A. The same way.

Q. So that, taking either one of these gateways through Campbell Hall to central New England, you always have at least one more road involved in the haul than you would if it started out over the Ontario and Western or the Erie? A. Yes, sir.

Q. Then I undertsand that, in going to points on the Boston and Albany or the Boston and Maine, via Troy or Mechanicsville, the Delaware and Hudson can always route over a two-line route? A. Yes, sir.

Re-cross examination.

By Mr. Coudert:

Q. Then do I understand you that there are seventeen routes which compete for the coal traffic to New England? A. Yes, sir.

Q. As many as that? A. Yes.

By Mr. Kingsbury:

Q. Do I understand you correctly that some of the coal originating on the Jersey Central system goes to New England over the Lehigh and New England? A. Yes, sir.

Q. And some over the Lehigh and Hudson River Railway? A. Yes, sir.

Q. What determines your choice between the two? A. The shippers designating the route. We exercise no voice in the matter.

Q. Is there any advantage of one route over the other? A. No, sir.

Q. Coal can go equally well over either? A. Yes, sir.

Q. Do you know whether the rates are substantially the same? A. The rates are the same.

Q. Exactly the same? A. Yes, sir.

Q. Do you know over which of those two roads the coal of the Lehigh and Wilkes-Barre Coal Company goes? A. It moves by both gateways.

Q. Moves by both of them? A. Yes, sir.

Q. Do you know in what proportions? A. The proportion I cannot determine definitely. There is a considerable portion moving via the Lehigh and New England and the balance is moving via the Lehigh and Hudson.

Q. You think it is distributed about equally between the two? A. No, I would not say that.

Q. Which has the more? A. The Lehigh and Hudson has the greater share.

Q. Do you know of any reason for that? A. Any more than the shippers designating the route.

Q. You do not know why the Lehigh and Wilkes-Barre Coal Company selects that route? A. I judge due to the fact that the consignees, people in New England, may request that movement. I cannot say definitely why.

Q. Do both the Lehigh and New England and the Lehigh and Hudson make connections which reach the same points in New England? A. Yes, sir.

Q. And yet the consignees may express a preference for one route or the other? A. Yes, sir.

Q. Do you know any reason why they should? A. No more than if I were a solicitor, I might solicit the business by a particular route, and have the consignee designate that route, if I was interested in it, and the shippers apparently recognize the requests and wishes of the consignees.

Q. Do you personally consider the Lehigh and New England and the Lehigh and Hudson as competing for coal traffic? A. Yes, sir.

(Adjourned until Friday, April 10th, 1914, at 11 A. M., to meet at Reading Terminal, Philadelphia, Pa.)

Meeting set for Friday, April 10th, 1914, postponed by agreement of counsel.

PHILADELPHIA, PA., Tuesday, April 14th, 1914.
11 o'clock A. M.

Present.—The Examiner. Messrs. Coudert, Kingsbury and Gordon, Special Assistants to the United States Attorney General, for the Government. Messrs. Reynolds, Heebner and Drinker for the defendants.

H. C. ZACHARIAS, recalled:—

By MR. REYNOLDS:

Q. At my request have you supervised the reduction to a smaller scale of the composite map introduced as respondent's Exhibit 1, sections 1, 2, 3 and 4? A. Yes, sir.

Q. Is this map I show you the result of that reduction of the composite? (Map shown witness.) A. It is.

Q. That is done by a mechanical process which simply reduces the map in the same proportion to a smaller scale? A. Yes, sir.

Q. Have you checked the reproduced map against the original larger maps to determine whether the smaller map is an exact reproduction of the larger composite on the smaller scale? A. Yes, sir.

Q. And is it an accurate reproduction? A. It is.

(Reproduction of map offered in evidence and marked "Respondent's Exhibit No. 11.")

MR. COUDERT:—We have no present objection. If any inaccuracy appears we will call it to the attention of the Government.

Cross examination.

By MR. COUDERT:

Q. Do you know whether the location of the collieries on the maps are accurate as to proportion and distances and so on from the railroads? A. As to this territory of the Reading Company and of the Lehigh and New England.

Q. Those you know about? A. Yes, sir; those I know about. The others, I know some but not all, but in tracing these on there we got the gentleman who testified before, Mr. Van Ness, and another gentleman, who did know it and who put it in in accordance with their understanding.

Q. As far as you know, all the collieries are there set down in their respective proper positions? A. Yes, sir; those that I know of, every one of them are there in their proper place.

MR. REYNOLDS:—I desire to have considered in evidence, although I shall not encumber the record with all the verbosity of the various statutes, the following statutes in Pennsylvania, tracing the corporate organization of the Lehigh and Wilkes-Barre Coal Company, of which I will hand copies in full to counsel for the other side.

I first offer copy of sections 13, 14 and 15 of "An Act authorizing the merger and consolidation of oil or other mining companies," approved April 18th, 1867, which may be found in 3 Purdon's Digest, 13th edition on page 2611 and there set out as sections 13, 14 and 15 of the mining companies act which reads as follows:—

(It is understood that counsel for either party may refer to any part of the statute in brief or in argument.)

"13. The provisions of the Act, entitled 'An Act relating to railroad companies,' passed May 16th, Anno Domini 1861, and the supplement thereto, entitled 'A further sup-

plement to an act, entitled "An act relating to railroad companies," passed May 16th, Anno Domini, 1861,' which supplement was approved the 23d day of March, Anno Domini 1865, be and the same are hereby extended to oil and other mining companies.

"14. Any two or more oil or other mining companies which shall, according to the provisions of said recited acts, agree to merge or consolidate their rights and privileges granted to them under the laws of this commonwealth are hereby authorized to assume such name as the board of directors selected by the joint action of said companies may designate, and also to fix the amount of the capital stock of said company after the consolidation, and designate the time and places of meeting of the board of directors: *Provided,* That immediately after said consolidation shall have been effected, it shall be the duty of said company to certify to the secretary of the commonwealth the name of said company and the amount of its capital stock.

"15. It shall be lawful for the president and directors, or a majority thereof, of any oil or other mining company, agreeing or desirous of accepting the provisions of this act, to make such merger and consolidate in manner and form as hereinbefore provided."

I also offer from the Pamphlet Laws of Pennsylvania of the Session of 1868, page 940, an Act authorizing the merger and consolidation of coal companies, coal and iron companies and other mining companies, and of companies having mining privileges in the counties of Schuylkill and Luzerne, as follows:—

"SECTION 1. *Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same,* That it shall be lawful for coal companies, coal and iron companies and other mining companies and for companies having mining privileges whether chartered under any general or special law of this commonwealth, to merge and consolidate their corporate rights, powers, privileges, property and franchises into any other company owning real estate in the same county, being a coal

or mining company, or a coal and iron company, or a company having mining privileges.

"SECTION 2. That such merger and consolidation shall be made in accordance with the conditions and restrictions prescribed for the consolidation and merger of railroad companies, by an act relating to railroad companies, which became a law on the sixteenth day of May, Anno Domini one thousand eight hundred and sixty-one; and when so made, all the property, rights, franchises and privileges of the company so merged shall, by virtue of such merger, be thereby transferred to and vested in the company into which such merger shall be made; and all the other provisions of the said act of May sixteenth, Anno Domini one thousand eight hundred and sixty-one, and of the supplements thereto, except that which limits the right of consolidation and merger to connecting railroads, which are not inconsistent with this act, are hereby extended and made applicable to the companies mentioned in the first section of this act: *Provided*, That this act shall apply only to companies whose coal lands and mining property are located in the counties of Schuylkill and Luzerne.

ELISHA W. DAVIS,
Speaker of the House of Representatives.
JAMES L. GRAHAM,
Speaker of the Senate.

Approved: The thirteenth day of April, Anno Domini one thousand eight hundred and sixty-eight.

JNO. W. GEARY."

I also offer in evidence abstracts from an act entitled "An act relating to railroad companies," passed May 16th, 1861, and the supplement thereto, approved March 23d, 1865, which may be found in 4 Purdon's Digest, 13th edition, pages 3884, 3885, 3886 and 3887, and set out as sections numbered 156 to 161.

Section 157 provides for the conditions and restrictions under which the merger shall be made.

158. Upon the filing of the said certificate and copy of agreement, in the office of the Secretary of the Commonwealth, the said merger shall be deemed to have taken place, and the said companies to be one corporation, possessing all the rights, privileges and franchises theretofore vested in either of them; and all the property, real, personal and mixed, and debts due and rights of action, shall be deemed and taken to be transferred to, and vested in the company into which such merger may have been made, without further act or deed; and all property, all rights of way and all other interests, shall be as effectually the property of such company or corporation into which such merger may have been made, as they were of either of the former corporations, parties to said agreement: * * *

And provided further, That a certified copy of the said certificate and copy of agreement, so to be filed in the office of the Secretary of the Commonwealth, shall be evidence of the lawful holding and action of such meetings, and of the consolidation of said companies, and of the said merger."

I next offer in evidence an Act to incorporate the Broad Top Mining Company, approved the second day of June, A. D. one thousand eight and seventy-one, supplement to the act to incorporate the Broad Top Mining Company, approved April 3d, one thousand eight hundred and seventy-two, an act to incorporate the Lackawanna Iron and Coal Company, approved April 5th, 1853, an act to incorporate the Honey Brook Coal Company, approved the 23d day of April, A. D. one thousand eight hundred and sixty-four. I also introduce, without printing at length, with the same understanding as to the right to refer to both sides, joint agreement of December 10th, 1872, between the Broad Top Mining Company and the Honey Brook Coal Company, a certificate of the meeting of the stockholders of the Honey Brook Coal Company dated December 28th, 1872, a certificate of the meeting of stockholders of the Broad Top Mining Company of December 31st, 1872. Also the act to incorporate the Consolidated Coal Company, approved the first day of April, one thousand eight hundred and fifty-six, and supplement to an act to incorporate the Consolidated

Coal Company, approved the first day of April, A. D. one thousand eight hundred and sixty-four, an act to incorporate the Wilkes-Barre Coal and Iron Company, approved June 8th, one thousand eight hundred and sixty-four, an act to consolidate the Wilkes-Barre Coal and Iron Company and the Consolidated Coal Company, approved March 9th, A. D. one thousand eight hundred and sixty-five, and supplement to an act entitled an act to incorporate the Wilkes-Barre Coal and Iron Company, approved February 11th, A. D. one thousand eight hundred and sixty-eight, also a copy of the joint agreement made the twentieth day of January, 1874, between the directors of the Honey Brook Coal Company and the directors of the Wilkes-Barre Coal and Iron Company, by which the companies were merged. Also copy in full of the certificate of the Secretary of the Commonwealth of Pennsylvania of February 6th, 1874, certifying the merger and consolidation of the companies, as follows:

(It is understood that all of these acts are the acts of the Legislature of the Commonwealth of Pennsylvania.)

"OFFICE OF THE SECRETARY OF THE COMMONWEALTH,

"HARRISBURG, PA., Feb. 6th, 1874.

"I hereby certify, That the foregoing is a true and correct copy of the joint agreement for the consolidation made and concluded on the twentieth day of January, A. D. 1874, by and between the Directors of the Wilkes-Barre Coal and Iron Company and the Directors of the Honey Brook Coal Company under the corporate seal of each company, for the consolidation and merger of the said The Wilkes-Barre Coal and Iron Company into and with the said Honey Brook Coal Company under the name of the Lehigh and Wilkes-Barre Coal Company, and adopted at a meeting of the stockholders of each of said companies held at the office of the Honey Brook Coal Company, in the city of Philadelphia, on the 5th day of February, A. D. 1874, and of the certificates of the Secretaries of the respective companies under the corporate seals thereof, as the same remains on file in this office, and that a copy of said agreement, duly certified by

the signatures of the Secretary and corporate seal of each company, together with a certificate by the Secretary of each company, under the corporate seal thereof, of the fact that at a meeting of the stockholders of The Wilkes-Barre Coal and Iron Company, and of the Honey Brook Coal Company, called separately, for the purpose of taking said agreement into consideration, after due notice as required by law, the said agreement had been considered and a vote by ballot taken for the adoption or rejection of the same, each share entitling the holder thereof to one vote; and that more than two-thirds of all the votes of all the stockholders of each company had been for the adoption of said agreement, was duly filed in the office of the Secretary of the Commonwealth on the sixth day of February, A. D. 1874, and that the same is from thence to be deemed and taken as the agreement and act of consolidation of the said companies.

"*In Testimony Whereof*, and to certify the foregoing copy of said agreement and Act of consolidation I have hereunto set my hand and affixed the Seal of the Commonwealth of Pennsylvania, at Harrisburg, on this sixth day of February, in the year of our Lord one thousand eight hundred and seventy-four. (1874)

M. S. QUAY,
Secretary of the Commonwealth.

(Seal of Secretary's Office, Penna.)"

W. C. JOHNSON having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your office, and with what company? A. Comptroller of the Lehigh and Wilkes-Barre Coal Company.

Q. Have you any official relations whatever with the Philadelphia and Reading Coal and Iron Company? A. No, sir; not at all.

Q. With the Lehigh Coal and Navigation Company? A. No, sir.

Q. Or any railroad? A. No, sir.

Q. Are you familiar with that paper? (Paper shown witness.) A. Yes, sir. It is a list of stockholders holding shares over 50.

Q. Will you please file that statement with the Examiner?

The witness produced the following statement:

STATEMENT OF THE FIFTY LARGEST STOCKHOLDERS OF THE LEHIGH AND WILKES-BARRE COAL COMPANY

(Other than the C. R. R. of N. J.)

NAME.	ADDRESS.	SHARES.
Hencken, Hancke	8 West 121 St., N. Y. City	1,611
Lounsbery, Edith H	31 Nassau St., N. Y. City	1,000
Whitehouse & Co	111 Broadway, N. Y. City	1,000
McCreary, Geo. D	Market St. Nat. Bank, Phila., Pa	971
Kemmerer, M. S., Guardian John L. & Gertrude L. Kemmerer	Mauch Chunk, Pa	933
Wentz, Mary D	1727 Land Title Bldg., Phila., Pa	873
Paine, Alice McCreary	1115 St. Paul St., Baltimore, Md	646
Bullitt, Est. of John C	750 Bullitt Building, Phila., Pa	500
Lehigh Coal & Navigation Company	437 Chestnut St., Phila., Pa	500
Girard Trust Co. and Delos O. Wickham, Guardians Est. of Mary W. Leisenring	Broad & Chestnut Sts., Phila., Pa	417
Girard Trust Co. and Delos O. Wickham, Guardians Est. of Edward B. Leisenring	Broad & Chestnut Sts., Phila., Pa	417
McCreary, George D. & Fidelity Trust Co., Trustees u/w Rachel D. McCreary, dec'd	Market St. Nat. Bank, Phila., Pa	323
Hotchkiss, Susan V	P. O. Box No. 275, New Haven, Conn	320
Townsend, Mary H	New Haven, Conn	320
Dodd, Allison	307 Relleville Ave., Bloomfield, N. J	300
Bull, Est. of Alice B	c/o R. Maclay Bull, 441 Park Ave., N. Y. City	220
Potts, William B	111 Broadway, N. Y. City	220
Cox, John L., Trustee	2119 Locust St., Phila., Pa	200
Dow, R. K	Claremont, N. H	200
Jarvie, James N	66 Broadway, N. Y. City	200
Potts, Frederic A	143 Liberty St., N. Y. City	200
Tower, Est. of C	228 South 7th St., Phila., Pa	200
Vail, Frances H	c/o Thos. Vail, Troy, N. Y	162
Butler, Chas. E	819 W. Diamond St., Hazleton, Pa	100
Dickson, Samuel	750 Bullitt Building, Phila., Pa	100
Lloyd, Est. of Aaron	Nutley, N. J	100
Mill Creek Coal Co	1 Broadway, N. Y. City	100

Morton, Warner G.	130 State St., Albany, N. Y.	100
New York Life Ins. & Trust Co. Trustee u/w Charlotte M. Goodridge	P. O. Box No. 501, N. Y. City	100
Potts, Wm. R.	143 Liberty St., N. Y. City	100
Price, Harrie B.	3937 Chestnut St., Phila., Pa.	85
Price, Est. of Sam'l. B.	Hazleton, Pa.	84
Price, John B.	Hazleton, Pa.	84
Hotchkiss, Henry L.	P. O. Box No. 275, New Haven, Conn.	80
Kemmerer, M. S.	Mauch Chunk, Pa.	70
Leisenring, Est. of Mary A.	Sandy Run, Pa.	70
Carter, Hattie D.	Mauch Chunk, Pa.	67
Heaton, Robert D.	Ashland, Pa.	67
Lentz, Est. of Stella P.	1304 Penn. Building, Phila., Pa.	67
Middleton, Elilie P.	Torresdale, Pa.	66
Reeves, Mary W.	4946 Locust St., Phila., Pa.	60
Cushman, Alice	919 Pine St., Phila., Pa.	50
Fearon, Charles	333 Chestnut St., Phila., Pa.	50
Griswold, Frank T.	1600 Spruce St., Phila., Pa.	50
Kean, Sr., Est. of John	Elizabeth, N. J.	50
Kean, Jr., John	Elizabeth, N. J.	50
Vanatta, Jacob	(Unknown)	50
Peter, Albert	Park & Chelten Aves., Logan, Phila., Pa	50
Loose, Mary E.	Clear Spring, Md.	38
Fearon & Co., Charles	333 Chestnut St., Phila., Pa.	35
		13,656

Q. Did you at my request scrutinize the figures for some years past to determine in a general way the territory over which the coal of the Lehigh and Wilkes-Barre Coal Company was sold? A. Yes, sir.

Q. Is it a correct deduction from the statistics you have prepared that there is a very large tonnage of that coal sold in Pennsylvania? A. Yes, sir.

Q. And New York? A. Yes, sir.

Q. And New Jersey? A. Yes, sir.

Q. And Connecticut? A. Yes, sir.

Q. And Massachusetts? A. Yes, sir.

Q. New Hampshire? A. Yes, sir.

Q. Rhode Island. A. Yes, sir.

Q. Vermont? A. Yes, sir.

Q. Maine? A. Yes, sir.

Q. And a somewhat less tonnage in some of the southern States, like South Carolina? A. Very little.

Q. And Canada? A. Yes, sir.

Q. And some railroad supply coal? A. Yes, sir.

Q. Supplementing that investigation, did you, at my request, collaborate with the corresponding officer of the

Philadelphia and Reading Coal and Iron Company in the preparation of an exhibit showing the extent to which the two companies marketed coal at common markets? A. Yes, sir.

Q. Is this paper I show you the result of that work? A. Yes, sir.

Q. Was the column showing the tonnage going to the points named in the first column under the head of the Lehigh and Wilkes-Barre Coal Company shipments, prepared under your direction? A. Yes, sir.

Q. Is it correct? A. It is correct; yes, sir.

(Statement produced by the witness marked for identification Defendant's Exhibit, No. 12.)

Q. Did you at my request also prepare a compilation from the publications of the Pennsylvania State Department of Mines showing the total annual production of anthracite coal in Pennsylvania shipped to market between 1890 and 1911, inclusive? A. Yes, sir.

Q. At my further request, was that set of statistics grouped so as to bring under the production of the larger operators, like the Philadelphia and Reading Coal and Iron Company, the Lehigh and Wilkes-Barre Coal Company and other of the larger producers, tonnage which at any time during that period was purchased by them from outside operators? A. Yes, sir.

Q. The compilation shows not only the production mined and shipped by the large company, but separately in that group the individual production of the smaller company which may have sold some time during the period its coal to the large producer? A. Yes, sir.

Q. And then they are brought down to a total of the production of the large company, and that bought by it from smaller companies? A. Yes, sir.

Q. The report for the year 1911 is the last published report of the department of mines in Pennsylvania, is it not? A. Yes, sir. The later report is not out yet.

Q. Is the statement I show you the one that you compiled? A. Yes, sir.

(Witness produced statement marked "Defendant's Exhibit No. 13," which is attached hereto.)

STATEMENT OF THE TOTAL ANNUAL PRODUCTION OF ANTHRACITE COAL IN PENNSYLVANIA SHIPPED TO MARKET, SH
ALSO PRODUCTION OF OTHER INDEPENDENT OPERATORS W

(Compiled from Annual Publications of Pennsylvania Department of Mines.)

Operator.	1890	1891	1892	1893	1894	1895	1896	1897	1898
Philadelphia & Reading Coal & Iron Co.	6,762,902	7,630,463	7,093,011	7,335,116	7,130,136	8,366,153	7,119,628	6,296,347	6,258,318
Excelsior Coal Co.	213,782	241,763	238,076	250,205	230,644	239,646	211,930	202,810	172,045
Enterprise Coal Co.	105,120	71,599	101,870	108,971	96,896	.....	160,678	156,650	111,528
Pine Hill Coal Co.	.....	.....	.....	.....	.....	.....	44,112	111,127	130,565
St. Clair Coal Co.	49,447	86,662	.....	.....	107,954	181,272	148,498	.....	158,017
Leisenring & Co.	.....	.....	.....	.....	.....	.....	.....	.....	.....
Buck Run Coal Co.	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.	7,131,251	8,030,487	7,432,957	7,694,292	7,565,630	8,787,071	7,684,846	6,766,934	6,830,473
Lehigh & Wilkes-Barre Coal Co.	2,157,788	2,526,633	2,572,973	2,796,394	2,308,358	2,595,641	2,209,307	2,037,635	1,882,684
Parrish Coal Co.	295,747	297,969	189,422	120,882	104,887	240,542	266,872	264,727	346,127
Red Ash Coal Co.	277,550	293,365	265,563	290,049	209,732	208,273	248,499	196,746	162,426
West End Coal Co.	.....	.....	.....	.....	.....	.....	26,208	.....	56,823
Total.	2,731,085	3,117,967	3,027,958	3,207,325	2,622,977	3,044,456	2,750,886	2,499,108	2,448,060
Lehigh Valley Coal Co.	1,196,863	1,379,814	1,480,291	1,686,580	1,906,730	2,631,558	2,752,555	2,621,850	2,565,880
Coxe Bros. & Co.	1,274,118	1,275,328	1,218,012	1,278,005	1,145,368	1,297,498	1,177,450	1,165,990	1,102,654
Markle & Co., G. B.	458,224	420,493	343,632	400,571	477,915	600,132	647,884	655,057	752,129
Lentz, Lilly & Co.	238,979	304,287	335,545	347,591	204,442	390,813	219,609	217,864	237,401
Midvalley Coal Co.	.....	92,214	184,183	82,749	149,918	.....	181,557	.....	191,281
Mill Creek Coal Co.	144,603	144,142	150,723	177,114	264,447	210,872	304,091	268,545	278,220
Alden Coal Co.	267,538	248,846	236,478	194,012	183,731	194,620	216,088	218,133	171,345
Annora Coal Co.	165,735	155,687	107,744	81,862	29,171	.....	.....	.....	.....
Babylon Coal Co.	76,128	158,777	208,804	220,267	229,386	220,398	180,106	122,490	101,657
Butler Mine Co.	161,981	172,638	175,144	169,460	259,868	204,942	218,521	204,885	189,732
Mt. Lookout Coal Co.	.....	27,079	193,399	257,223	294,437	314,287	101,386	284,957	294,238
Old Forge & Seneca Coal Co.	147,312	143,944	161,520	189,623	201,239	216,918	199,558	253,438	190,678
Silver Brook Coal Co.	162,943	135,892	155,991	258,730	222,136	233,715	236,644	232,703	239,096
Total.	4,294,424	4,659,141	4,951,466	5,343,787	5,568,788	6,515,753	6,435,449	6,245,912	6,314,311
Delaware, Lackawanna & Western R. R. Co.	2,765,937	3,068,020	3,351,258	3,502,500	3,193,854	3,692,868	3,811,329	3,759,974	3,829,112
Peoples Coal Co.	.....	.....	.....	.....	.....	.....	.....	.....	.....
Plymouth Coal Co.	151,036	168,741	184,032	173,676	170,661	155,717	143,986	165,471	208,364
Clear Spring Coal Co.	157,273	160,137	175,510	174,212	182,491	183,873	173,643	157,064	156,189
Elliott & McClure Coal Co.	92,462	119,163	128,323	118,809	92,856	95,559	77,325	85,855	103,459
Total.	3,166,708	3,516,061	3,839,123	3,969,197	3,639,862	4,128,017	4,206,283	4,168,364	4,297,124
Pennsylvania Coal Co.	1,397,286	1,729,757	2,014,658	2,125,043	2,043,987	1,971,036	1,950,182	1,937,647	1,837,567
Dolph Coal Co.	85,810	67,040	55,384	101,388	52,954	107,114	117,954	124,144	156,373
Green Ridge Coal Co.	.....	.....	.....	.....	.....	.....	.....	.....	98,425
Jermyn & Co.	.....	326,613	.....	373,883	314,131	364,296	293,364	246,654	283,698
Jermyn, J. & J.	402,064	277,080	589,151	226,806	175,577	132,257	.....	.....	.....
Lackawanna Iron & Coal Co.	562,865	451,041	491,938	450,325	412,790	410,986	385,527	380,490	354,990
Lackawanna Coal Co.	238,514	.....	337,765	329,344	276,088	284,135	252,012	196,401	184,799
Oak Hill Coal Co.	.....	.....	.....	.....	.....	.....	.....	.....	.....
Hillside Coal Co.	888,797	1,029,657	1,072,615	978,938	868,972	878,530	835,045	747,078	629,889
Total.	3,575,336	3,881,188	4,561,511	4,585,727	4,144,499	4,148,354	3,834,084	3,632,414	3,545,741
Delaware & Hudson Co.	3,490,993	3,750,013	4,174,718	4,265,680	3,905,453	4,220,763	4,100,122	3,922,321	3,829,991
Hudson Coal Co.	.....	.....	.....	54,090	87,674	141,646	.....	.....	.....
Total.	3,490,993	3,750,013	4,174,718	4,319,770	3,993,127	4,362,409	4,100,122	3,922,321	3,829,991
Lehigh Coal & Navigation Co.	1,254,779	1,255,867	1,274,210	1,497,936	1,288,699	1,320,888	1,293,041	1,398,536	1,285,114
Kingston Coal Company.	777,344	736,701	750,430	984,753	668,528	703,728	697,292	701,043	751,574
Temple Iron Company.	.....	.....	.....	.....	.....	.....	.....	.....	.....

"A" Sell their own coal from August 1st, 1909.

EFENDANT'S EXHIBIT No. 13.

HOWING IN GROUPS THE PRODUCTION OF THE LARGE INTERESTS (INCLUDING INDEPENDENT OPERATORS FROM WHOM THEY USUALLY PURCHASE), AND WHO USUALLY SELL THEIR OWN PRODUCT, FROM JANUARY, 1890, TO DECEMBER 31ST, 1911, INCLUSIVE.

1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	Operator.
7,605,791	7,093,700	8,257,112	4,430,941	8,770,637	8,750,023	10,002,456	8,891,933	10,675,964	9,115,652	8,526,398	8,433,348	9,425,094	Philadelphia & Reading Coal & Iron Co.
202,390	129,972	154,615	99,802	219,081	225,758	207,102	201,547	199,613	213,853	224,125	237,030 B	250,351	Excelsior Coal Co.
126,263	145,654	203,210	131,887	241,191	165,872	52,469	90,815	201,912	170,674	81,888	174,824	205,860	Enterprise Coal Co.
.....	31,093	52,892	36,948	112,867	116,947	79,736	8,055	80,515	75,187	68,804	92,362	101,542	Pine Hill Coal Co.
129,188	157,947	289,198	175,412	336,374	311,624	388,874	352,108	453,028	346,261	291,478	305,286 B	201,211	St. Clair Coal Co.
195,412	182,901	200,836	76,258	139,250	.....	.....	.....	.....	.....	.....	.....	.....	Leisenring & Co.
.....	.....	.....	35,422	176,802	175,735	244,085	190,893	165,192	145,641 A	70,530	.....	.....	Buck Run Coal Co.
8,259,044	7,741,267	9,157,863	4,986,670	9,996,202	9,745,959	10,974,722	9,735,351	11,776,224	10,067,268	9,263,723	9,242,850	10,184,058	Total.
2,592,715	2,706,061	3,292,502	1,785,118	3,646,675	3,409,970	3,712,144	3,344,490	3,921,506	4,170,320	3,736,797	3,916,116	4,359,544	Lehigh & Wilkes-Barre Coal Co.
528,307	461,776	613,257	324,040	729,394	623,162	654,564	463,499	501,561	421,869	331,399	360,858 B	259,832	Parrish Coal Co.
202,836	163,073	238,465	119,914	141,300	201,309	219,790	157,453	211,636	173,262	206,996	197,007 B	200,455	Red Ash Coal Co.
102,867	57,885	73,290	78,665	204,423	134,921	200,719	191,657	225,779	265,470	194,963	198,143 B	235,820	West End Coal Co.
3,426,725	3,388,795	4,217,514	2,307,737	4,721,792	4,369,362	4,787,217	4,157,099	4,860,482	5,030,921	4,470,155	4,672,124	5,055,651	Total.
2,922,709	3,532,474	3,523,270	2,151,950	5,206,278	4,928,454	5,911,432	4,692,457	5,819,983	5,029,207	4,769,114	5,683,754	6,784,453	Lehigh Valley Coal Co.
1,164,568	1,032,602	1,173,623	454,885	1,093,488	1,022,195	1,089,092	1,027,158	1,157,486	1,042,694	784,878	1,000,883	1,239,235	Coxe Bros. & Co.
1,005,966	934,386	952,306	405,040	960,608	939,468	937,622	739,835	850,198	897,687	1,004,034	977,329	1,107,177	Markle & Co., G. B.
262,208	281,102	337,497	165,682	357,308	353,067	374,081	333,776	331,422	255,835	235,582	376,969	.....	Lentz, Lilly & Co.
358,557	354,682	433,869	232,992	444,918	458,517	404,016	350,120	376,570	304,853	281,627	313,001	337,867	Midvalley Coal Co.
315,763	319,577	402,012	248,112	435,213	425,636	464,626	382,173	487,511	593,155	516,097	112,384	119,833	Mill Creek Coal Co.
222,986	181,951	235,298	131,924	270,334	270,485	250,263	240,077	265,868	298,399	248,555	263,501	266,103	Alden Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Annora Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Babylon Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Butler Mine Co.
201,600	116,476	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	304,824	Mt. Lookout Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Old Forge & Seneca Coal Co.
141,271	194,149	312,998	178,841	97,742	104,509	.....	.....	.....	.....	.....	.....	.....	Silver Brook Coal Co.
188,490	136,867	153,852	57,382	119,848	63,584	54,610	5,096	.....	.....	.....	.....	.....	
6,784,118	7,084,266	7,524,725	4,026,808	8,985,737	8,565,915	9,485,742	7,770,692	9,289,038	8,421,830	7,839,887	8,727,821	10,159,492	Total.
4,501,997	4,502,792	5,805,461	4,109,678	7,285,422	7,370,663	7,544,602	7,602,413	8,731,599	8,183,844	7,564,477	7,944,716	8,322,675	Delaware, Lackawanna & Western R. R. Co.
.....	2,910	115,143	107,403	241,560	259,353	197,086	132,965	109,993	93,165	69,781	32,279	42,055	Peoples Coal Co.
113,419	7,744	117,108	93,129	204,049	158,298	167,186	136,860	149,124	160,400	289,875	266,812	273,333	Plymouth Coal Co.
189,573	183,610	230,874	123,495	210,690	200,162	308,238	201,486	247,344	208,169	55,720	100,349	35,753	Clear Spring Coal Co.
105,943	127,968	194,364	78,633	174,718	162,601	136,004	72,694	103,115	249,382	267,573	221,988	236,735	Elliott & McClure Coal Co.
4,910,932	4,825,024	6,462,950	4,512,338	8,116,439	8,151,077	8,353,116	8,146,418	9,341,175	8,894,960	8,247,426	8,566,144	8,910,551	Total.
2,369,490	2,140,799	2,318,618	1,739,968	3,082,128	2,958,353	3,255,120	3,095,497	3,971,390	4,332,097	4,470,214	4,570,332	5,020,606	Pennsylvania Coal Co.
166,584	135,595	182,885	103,306	189,574	255,120	221,042	264,772	248,024	183,913	146,566	143,994	140,892	Dolph Coal Co.
.....	107,288	132,801	15,544	120,670	95,410	114,048	93,094	95,481	86,125	78,531	79,589	65,078	Green Ridge Coal Co.
.....	.....	.....	265,980	445,496	310,247	396,828	143,598	331,712	528,587	712,548	590,335	576,948	Jermyn & Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Jermyn, J. & J.
340,152	153,483	421,534	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Lackawanna Iron & Coal Co.
54,886	.....	.....	.....	.....	.....	.....	190,535	270,248	346,781	.....	438,669	433,452	Lackawanna Coal Co.
.....	.....	.....	.....	.....	.....	.....	83,472	193,836	225,118	208,354	219,893	290,508	Oak Hill Coal Co.
.....	.....	.....	.....	.....	99,640	152,436	1,285,322	1,414,392	1,218,555	1,193,299	1,265,175	1,638,266	Hillside Coal Co.
872,547	700,320	1,287,265	1,062,679	1,570,751	1,274,243	1,439,885							
3,803,659	3,237,485	4,343,103	3,187,477	5,408,619	4,993,013	5,579,359	5,156,290	6,525,083	6,921,176	6,809,512	7,307,987	8,165,750	Total.
4,083,148	3,914,917	4,823,163	2,809,639	5,629,203	4,869,002	5,291,510	4,863,198	5,951,179	5,838,294	4,955,394	5,192,781	5,329,387	Delaware & Hudson Co.
.....	.....	181,033	223,833	198,209	325,437	281,603	406,452	537,423	614,620	1,110,863	1,345,812	1,872,994	Hudson Coal Co.
4,083,148	3,914,917	5,004,196	3,033,472	5,827,412	5,194,439	5,573,113	5,269,650	6,488,602	6,452,914	6,066,257	6,538,593	7,202,381	Total.
1,541,249	979,899	1,592,740	867,169	1,819,828	1,859,716	2,197,903	2,186,968	2,811,502	2,658,273	2,590,799	3,279,011	3,478,447	Lehigh Coal & Navigation Co.
894,143	830,677	916,657	569,435	993,799	1,057,047	1,098,984	1,116,482	1,433,096	1,780,568	1,818,449	1,981,816	1,956,188	Kingston Coal Company.
1,419,643	1,178,820	1,365,336	734,042	1,029,087	1,044,200	1,086,578	613,427	985,864	748,568	1,549,304	778,323	.....	Temple Iron Company.

STATEMENT OF THE TOTAL ANNUAL PRODUCTION OF ANTHRACITE COAL IN PENNSYLVANIA SHIPPED TO MARKET, SHOWING IN
ALSO PRODUCTION OF OTHER INDEPENDENT OPERATORS WHO USUALLY

(*Compiled from Annual Publications of Pennsylvenia Department of Mines.*)

OPERATOR.	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	
SCRANTON COAL COMPANY	165,431	57,537	169,480	200,163	33,719	165,701	178,062	185,936	158,014	931,306	
Price Pancoast Coal Co	131,842	172,231	167,467	198,934	202,249	221,488	196,261	189,570	204,228	225,066	
Mt. Jessup & Moosic Mountain Coal Co	.....	.....	.....	.....	.....	.....	179,718	176,788	.....	.....	
Moosic Mountain Coal Co	59,697	55,749	58,510	50,566	77,185	111,388	.....	.....	94,983	193,961	
Mt. Jessup Coal Co., Limited	23,048	62,562	94,109	91,840	95,734	105,891	.....	.....	81,324	.....	
Total	380,018	348,079	489,566	541,503	408,887	604,468	554,041	552,294	538,549	1,350,333	
SUSQUEHANNA COAL COMPANY	1,412,244	1,449,024	1,383,816	1,431,326	1,344,192	1,247,947	1,167,887	1,133,587	1,022,181	794,776	
Mineral R. R. & Mining Co	318,049	501,941	528,185	518,602	372,363	383,610	233,826	320,050	369,382	511,937	
Lykens Valley Coal Co	265,803	.....	282,648	.....	256,307	221,600	257,448	250,428	271,713	.....	
Summitt Branch Mining Co	297,271	609,514	340,947	624,103	298,408	347,587	290,163	248,234	258,804	582,378	
Lytle Coal Co	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Total	2,293,367	2,560,479	2,535,596	2,574,031	2,271,270	2,200,744	1,949,324	1,952,299	1,922,080	1,889,091	
INDIVIDUAL OPERATORS MINING 500,000 to 1,000,000 tons:—											
Elk Hill Coal & Iron Co	.....	37,215	83,191	114,156	209,053	224,868	155,982	138,230	123,999	75,527	
Forty Fort Coal Co	.....	.....	.....	.....	150,930	294,246	306,071	238,659	265,721	.....	
Simpson & Watkins	.....	480,689	.....	.....	.....	243,216	.....	.....	.....	.....	
Sterrick Coal Co	.....	.....	.....	81,486	134,733	147,963	154,793	133,234	121,708	.....	
Union Coal Co	355,033	457,139	533,611	455,436	603,823	837,027	709,610	699,746	728,214	731,880	
Van Wickle & Co., A. S	.....	208,968	309,836	357,189	493,219	653,695	543,827	517,421	536,562	527,694	
Pardee Bros. & Co	164,067	215,493	316,035	303,027	278,194	345,440	.....	.....	.....	.....	
Pardee & Co., A	509,780	573,982	496,703	475,822	385,670	274,470	124,050	213,726	262,950	270,143	
Pardee & Co., Calvin	107,494	131,511	120,218	111,089	100,159	90,290	564,945	502,015	487,637	545,628	
Pardee Sons & Co	46,049	61,445	150,254	184,728	167,496	192,797	.....	.....	.....	.....	
North American Coal Co	.....	.....	.....	.....	.....	.....	.....	.....	.....	299,026	
Total	1,182,423	2,166,442	2,009,848	2,082,933	2,523,277	3,304,012	2,559,278	2,443,031	2,526,791	2,449,898	
300,000 to 500,000 tons:—											
Connell Coal Co	48,602	.....	.....	224,980	295,436	328,309	378,581	295,538	256,054	242,248	
Connell & Co., Wm	350,395	492,071	467,506	245,835	169,428	142,895	119,149	107,610	102,906	111,865	
Dodson Coal Co	178,153	181,719	221,192	221,960	146,830	246,071	332,165	379,983	288,196	244,768	
Dodson & Co., C. M	184,208	191,492	194,917	188,494	182,319	169,726	166,427	160,975	145,753	152,491	
Dodson & Co., T. M	.....	.....	.....	.....	.....	.....	.....	.....	.....	74,939	
Forest Mining Co	.....	.....	.....	.....	.....	.....	100,923	202,183	225,019	314,312	
Hayden & Co., J. C	383,435	360,976	338,550	254,290	222,017	.....	.....	.....	.....	.....	
Johnson Coal Co	114,292	456,779	126,775	129,114	140,333	133,447	376,351	294,879	344,163	375,958	
Linderman & Skeer	352,568	338,852	341,045	385,996	360,894	370,175	87,813	.....	.....	.....	
Lytle Coal Co	.....	4,408	10,000	.....	13,499	26,509	170,264	215,419	232,991	235,991	
Penn Anthracite Coal Co	279,000	262,413	218,364	283,573	324,640	294,695	.....	.....	.....	.....	
Riley & Co., L. A	280,821	311,457	327,383	299,035	254,773	347,574	.....	.....	.....	.....	
Thomas Coal Co	123,619	120,150	109,467	109,754	87,967	85,421	77,128	80,620	68,946	83,174	
Upper Lehigh Coal Co	429,796	345,305	314,488	305,585	266,859	241,162	222,921	191,246	161,416	179,182	
Newton Coal Mining Co	177,314	238,475	204,904	263,721	299,488	328,279	152,254	96,579	195,752	144,545	
Pine Hill Coal Co	.....	.....	.....	.....	2,145	150	28,692	29,800	38,245	8,999	
St. Clair Coal Co	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
West End Coal Co	151,798	178,327	179,834	137,775	201,901	214,273	140,258	96,197	88,885	69,702	
Buck Run Coal Co	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Total	3,054,001	3,482,424	3,054,425	3,050,112	2,968,529	2,928,686	2,352,926	2,151,029	2,148,326	2,238,174	
100,000 to 300,000 tons	3,221,481	3,068,996	3,643,288	3,673,352	3,702,765	3,558,132	3,908,853	4,053,934	3,806,244	3,517,030	
Under 100,000 tons	997,191	1,061,695	874,393	755,900	858,601	949,964	1,314,301	1,514,968	1,556,004	1,383,671	
Grand total	37,560,401	41,635,540	42,619,489	44,280,618	42,225,439	46,556,682	43,640,726	42,002,187	41,800,382	47,950,858	

PHILADELPHIA, February 26th, 1914.

EFENDANT'S EXHIBIT No. 13.

OWING IN GROUPS THE PRODUCTION OF THE LARGE INTERESTS (INCLUDING INDEPENDENT OPERATORS FROM WHOM THEY USUALLY PURCHASED), AND USUALLY SELL THEIR OWN PRODUCT, FROM JANUARY, 1890, TO DECEMBER 31ST, 1911, INCLUSIVE.

1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	Operator.
931,306	573,338	1,942,325	1,296,833	2,103,494	2,189,669	2,218,633	1,866,815	2,318,644	2,238,645	2,075,690	2,100,699	1,806,347	Scranton Coal Company.
225,066	213,369	313,047	323,267	462,096	186,786	504,462	543,714	603,447	593,716	642,114	655,442	620,289	Price Pancoast Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Mt. Jessup & Moosic Mountain Coal Co.
193,961	102,166	109,718	17,089	111,612	131,695	103,620	89,051	32,768	117,834	123,136	158,857	190,243	Moosic Mountain Coal Co.
.....	47,855	66,352	6,369	72,505	107,974	102,961	89,020	42,608	130,761	149,614	193,872	226,729	Mt. Jessup Coal Co., Limited.
1,350,333	936,728	2,431,442	1,643,558	2,749,707	2,616,124	2,929,676	2,588,600	2,997,467	3,080,956	2,990,554	3,108,870	2,843,608	Total.
794,776	1,081,774	1,333,582	658,486	1,953,286	2,058,586	2,120,605	2,284,944	2,788,842	2,598,640	1,320,188	1,368,674	1,451,998	Susquehanna Coal Company.
511,937	533,479	691,603	351,714	642,456	486,578	490,587	482,672	518,544	423,841	1,364,630	1,378,511	1,586,492	Mineral R. R. & Mining Co.
.....	.....	.....	.....	277,157	296,253	294,896	304,491	344,733	.....	.....	.....	.....	Lykens Valley Coal Co.
582,378	530,575	569,399	203,438	175,653	167,605	171,431	147,822	195,830	593,562	643,599	600,978	650,552	Summitt Branch Mining Co.
.....	.....	.....	.....	154,399	261,920	319,343	285,368	320,612	280,749	240,632	257,642	256,530	Lytle Coal Co.
1,889,091	2,145,828	2,594,584	1,213,638	3,202,951	3,270,942	3,396,862	3,505,297	4,168,561	3,896,792	3,569,049	3,605,805	3,945,572	Total.
													Individual Operators Mining 500,000 to 1,000,000 tons:—
75,527	450,488	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	566,066	Elk Hill Coal & Iron Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Forty Fort Coal Co.
.....	.....	.....	.....	332,280	312,590	377,391	434,910	538,599	499,815	.....	54,612	526,221	Simpson & Watkins.
731,880	745,676	865,386	448,061	.....	.....	.....	.....	.....	.....	.....	.....	.....	Sterrick Coal Co.
527,694	393,266	429,074	137,391	297,533	326,418	295,269	222,362	271,801	270,473	279,043	261,407	248,071	Union Coal Co.
.....	.....	.....	173,003	289,059	399,269	457,082	429,036	465,237	415,994	446,932	562,203	601,660	Van Wickle & Co., A. S.
270,143	315,374	369,466	129,965	400,039	429,440	444,263	406,275	486,028	430,844	467,762	439,081	534,394	Pardee Bros. & Co.
545,628	570,300	431,239	144,441	277,289	309,810	289,369	227,136	.....	.....	.....	.....	.....	Pardee & Co., A.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Pardee & Co., Calvin.
299,026	319,562	332,352	254,033	521,853	383,371	275,437	181,123	60,375	177,917	195,243	145,491	63,698	Pardee Sons & Co.
2,449,898	2,794,666	2,427,517	1,286,894	2,118,053	2,160,898	2,138,811	1,900,842	1,822,040	1,795,043	1,388,980	1,462,794	2,540,110	North American Coal Co.
													Total.
													300,000 to 500,00 tons:—
242,248	200,100	360,254	218,197	110,840	133,369	136,775	158,800	156,161	230,281	284,812	279,235	294,684	Connell Coal Co.
111,865	93,721	116,283	51,792	102,661	103,820	.....	.....	.....	.....	.....	.....	.....	Connell & Co., Wm.
244,768	166,758	246,935	75,735	171,801	65,513	86,162	121,362	144,484	175,000	199,918	222,782	208,219	Dodson Coal Co.
152,491	143,818	176,424	91,636	190,013	186,242	174,604	142,432	172,596	248,027	199,695	287,319	333,767	Dodson & Co., C. M.
74,939	81,235	161,521	63,917	107,069	65,217	90,145	42,333	78,568	114,659	159,819	160,272	.....	Dodson & Co., T. M.
314,312	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Forest Mining Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Hayden & Co., J. C.
375,958	333,253	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Johnson Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Linderman & Skeer.
235,991	226,759	233,673	66,865	.....	.....	.....	.....	.....	.....	.....	.....	.....	Lytle Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Penn Anthracite Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Riley & Co., L. A.
83,174	80,557	80,475	635	54,585	105,168	92,418	123,971	229,504	320,286	316,608	290,196	322,213	Thomas Coal Co.
179,182	191,166	216,777	130,919	218,197	236,123	233,254	178,588	218,472	215,592	170,797	149,582	125,587	Upper Lehigh Coal Co.
144,545	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	Newton Coal Mining Co.
8,999	27,035	65,247	34,740	59,829	88,004	53,428	18,087	130,406	173,236	168,637	181,518	196,007	Pine Hill Coal Co.
.....	409	5,606	94,352	60,946	41,617	34,832	63,231	70,140	51,087	52,118	54,621	116,065	St. Clair Coal Co.
69,702	110,409	.....	44,457	248,938	306,838	274,475	232,864	408,496	407,246	366,676	410,537	467,917	West End Coal Co.
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	82,671	211,959	213,446	Buck Run Coal Co.
2,238,174	1,655,220	1,663,195	873,245	1,324,879	1,331,911	1,176,093	1,081,668	1,608,827	1,935,414	2,001,751	2,248,021	2,277,905	Total.
3,517,030	3,210,168	2,751,526	1,658,550	2,645,285	2,530,151	2,266,590	2,327,990	2,757,105	2,983,368	3,268,298	3,168,513	3,494,040	100,000 to 300,000 tons.
1,383,671	1,348,805	994,527	650,785	1,291,314	1,267,534	1,396,368	1,067,258	1,115,884	963,486	906,873	863,765	1,013,334	Under 100,000 tons.
47,950,858	45,272,565	53,447,875	31,551,818	60,231,104	58,158,288	62,441,134	56,624,032	67,980,950	65,631,537	62,781,017	65,552,437	71,227,087	Grand total.

Q. What are your arrangements for selling coal to the Central Railroad Company of New Jersey? A. We charge them practically the same price as we charge any other customer. It is the average price.

Q. How are settlements made for the price between the companies? A. Made monthly—cash.

Q. Do you have your own accounting officers? A. Yes, sir.

Q. Under your direction? A. Yes, sir.

Q. And keep your own books separate and apart from any railroad books? A. Separate entirely.

Q. Have you adopted the method of keeping books prescribed by the Interstate Commerce Commission? A. No, sir.

Q. You keep your books in your own way yet? A. In my own peculiar way yet; yes, sir.

Q. Are your revenues, moneys, deposited in any way so as to confuse them with the Central Railroad Company of New Jersey? A. Entirely separate.

Q. In banks of your own selection? A. Of our own selection and choice.

Q. And you are allowed to draw checks of your own? A. We draw them out on our own form and without reference to the railroad in any way.

Q. You declare dividends, do you not? A. Yes, sir; semi-annual at present.

Q. Are these computed from your own books? A. Yes, sir.

Q. And distributed among your stockholders? A. Yes, sir. Our own checks.

Q. Take the dividends you pay to the Central Railroad Company of New Jersey. Are they paid on a mere book balance, or how are they paid? A. Paid in cash, by check.

Q. I show you a set of checks. Do you recognize them as dividend checks paid to the Central Railroad Company of New Jersey? A. Yes, sir.

(Checks shown witness and exhibited to counsel for the Government.)

Q. Were they drawn on your bank account? A. They were drawn on our account in the First National Bank.

Q. Were they banked in the regular way, did they go through the banks as indicated? A. Yes, sir; apparently so.

Q. So endorsed? A. The endorsement reads so, "Pay to the order of" and deposited by them.

Q. Is that the customary way in which you pay your dividends? A. Yes, sir.

Q. Does the Lehigh and Wilkes-Barre yearly pay large sums in freight moneys to the Central Railroad Company of New Jersey? A. Yes, sir.

Q. Does it pay the same rate of freight, the tariff rates? A. The tariff rates.

Q. Does it receive any discriminating favors from the railroad company? A. Not any.

Q. How are your merchandise and mine supplies shipped to you? A. Over the Central Railroad and the Lehigh Valley and Pennsylvania and Delaware and Hudson and the Lackawanna, whichever is the handiest to us.

Q. Do you pay the same demurrage as other shippers, under the demurrage tariffs? A. Yes, sir.

Cross examination.

By MR. COUDERT:

Q. You testified before in the Government's case? A. Yes, sir, in New York.

Q. Does the Central Railroad Company purchase much coal from the Lehigh and Wilkes-Barre Coal Company? A. Quite a little lot; yes, sir.

Q. It is one of the large purchasers, is it not? A. It is.

Q. Is that coal purchased for its own use? A. For their own supply coal, for their engines and stations.

Q. Wholly for their purposes? A. Yes, sir.

Q. What sizes mainly? A. Different sizes, broken coal, buckwheat, pea coal.

Q. All coal? A. They do not take much domestic size.

Q. Who orders that coal for the railroad? A. The superintendent of the railroad, to be shipped to various coaling stations.

Q. He asks you directly for it? A. Yes, sir; the same as any other customer, sends the order in once a month.

Q. There are monthly statements? They pay up monthly? A. Yes, sir.

Q. Do you consult with the president of your company in regard to the affairs of the company? A. Yes, sir.

Q. He has general direction of all those matters? A. Yes, sir.

Q. Your coal prices are fixed by the circulars? A. I suppose so.

Q. That you have not anything to do with? A. No, sir. The prices are furnished me and I make the bills out and collect the money.

Q. And practically that is your whole function? A. That is my function, yes. A few other things connected with it.

Q. What are your other functions in connection with your work? A. Everything that would apply to the office of the Auditor or bookkeeper, comptroller. Contracts, payments, all the payments are made over my name, examinations of all the payrolls, and everything else.

Q. Why are there two of these checks that counsel has put in here that are different? A. I could not tell you. I can surmise, but I would not care to venture a guess.

Q. For instance, the check of December 21st, 1910, is drawn to Drexel & Co., Philadelphia, and one on the same day drawn to the First National Bank and seems to have two signatures, the assistant treasurer and it is approved for payment by the secretary and treasurer, while the other checks seem merely to have the signature of the treasurer. Do you know why that is? A. We keep two bank accounts. We probably drew one check on one bank and one check on the other bank account.

Q. Who directs where the funds of your company shall be kept? A. The board of directors.

Q. The administrative officers of the company, so far as you know? A. Yes, sir.

Q. You do not know why these two checks were drawn differently from the others? A. No.

Q. Do you know whether it was on the request of the Central Railroad Company of New Jersey? A. No; I do not. It was probably because we might not have had enough money in one bank, but I do not know. I could not answer that question.

Q. You have only a general knowledge as to why funds are placed in various institutions? Are you told to check them into various banks? From whom do you get your instructions? A. From the president.

Q. You get all your instructions from the president of the company, do you not? A. Yes, sir. The president would naturally tell me.

Q. You look to him for all such matters? A. Yes, sir. I do not go off on my own hook and do these things.

Q. Do you know what influence or motives govern the distribution of the coal as it appears on this statement that you have furnished as to the coal at competitive points? (Referring to defendant's Exhibit 12.) Do you know why, for instance, 606 tons of Lehigh and Wilkes-Barre coal go to New Canaan and only 519 tons P. & R. coal go to that same destination? A. I think that the customers at New Canaan would prefer our coal. That would be my answer.

Q. For instance at Ridgeville, there are only 129 tons of your coal and there are shipped 842 tons of the P. & R. Have you any explanation of that? A. No. It is simply the fluctuation of the trade.

Q. These points are right together, are they not? They are very close together? A. I do not know. You will find these variations all the way through, simply because there is an established trade there more or less for one company's coal.

Q. Have you any explanation from your great knowledge of the business, why at New Canaan, which is just a short distance, ten miles from Ridgeville, there should be 6000 tons of your coal to 500 of the Philadelphia and Reading, while at Ridgeville, there are only 129 tons of your coal and 1842 tons of the Philadelphia and Reading? A. Possibly a higher class of people live at New Canaan. That is about the only answer I can give. Perhaps our salesman got there first and took the orders.

Q. You have no other explanation than the experience of your salesman and the quality of your coal? A. That is it.

Q. You attach no significance to the fact that in one of two places very close together there is a large amount of the coal of one company and in the other place a large amount of coal of the other? You do not know anything about why it was? A. No. As I said before, our salesman might have got there first and gathered the orders.

Q. You have had salesmen in both places, have you not? A. Probably so; yes, sir.

Q. You are not sure whether they are in both places? A. No. He might have skipped.

CHARLES F. HUBER, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your position, and with what company? A. Vice-president and general manager of the Lehigh and Wilkes-Barre Coal Company.

Q. Have you any connection whatever with the Philadelphia and Reading Coal and Iron Company? A. No, sir.

Q. Or with the Lehigh Coal and Navigation Company? A. No, sir.

Q. Or any of the railroads defendant in this suit? A. No, sir.

Q. Or the Reading Company? A. No, sir.

Q. What is your profession or occupation? A. Mining

engineer by profession. That is, I started in the business as a mining engineer, and successively filled the positions of chief engineer for this company, general superintendent, and for the last five years I have been vice-president and general manager.

Q. Over what fields of the anthracite coal regions do your operations extend? A. In the Northern or Wyoming field, the bulk of our operations are located there. We have two collieries in the Lehigh region near Audenried.

Q. These collieries are the Honey Brook collieries? A. The Honey Brook collieries; yes, sir.

Q. Has the coal company its own officers? A. Yes, sir.

Q. About how many employees has it? A. About ten thousand.

Q. Do any of the ten thousand employees work for the Central Railroad Company of New Jersey? A. No.

Q. Are they all paid by the Lehigh and Wilkes-Barre Coal Company? A. Absolutely.

Q. You have the same treasurer and secretary, however? A. Yes, sir.

Q. Taking colliery operations with which you are familiar in either of these regions, what is the minimum cost of production, which is the lowest within your knowledge, and what is the maximum? A. I could only answer that question as far as our own operations are concerned. Taking into consideration the difference in mining conditions and difference in royalties and other factors entering into the cost, our own collieries would vary as much as seventy-five cents a ton between the high and the low.

Q. Is there anything extraordinary or unusual in such a variation between good and bad collieries? A. No; I do not think there is. I think that all companies have those variations to some extent.

Q. And the like variation would exist as between the operation of independent collieries naturally I suppose? A. Certainly.

Q. Do you know Mr. William Griffith? A. I have met

the gentleman several times. I am not intimately acquainted with him, but I know him.

Q. Where does he live? A. He lives in Scranton at the present time.

Q. In the Wyoming region? A. In the Wyoming region.

Q. The Government filed in this case an exhibit, which appears on pages 143 and 144 of the stenographer's minutes of the Government's testimony (printed pages 76 and 77). This purports to be a tabulation made by this William Griffith for the Bond Record of an issue of June, 1896, published that month, but describing conditions and making prophecies on the basis of the year 1895. On page 144 of the record (printed page 77) that tabulation put in by the Government gives the Central Railroad Company of New Jersey a tonnage in the Southern or Pottsville field of 170,000,000 tons, and the area of coal lands covering three foot beds as being 4709 acres. Are you familiar with that Southern or Pottsville field? A. Yes; I have a general knowledge of it.

Q. Does the Lehigh and Wilkes-Barre Coal Company own a foot of land in that field? A. It does not own any land in the Southern field.

Q. So that is a clear error if it refers to any lands owned by the Lehigh and Wilkes-Barre Coal Company? A. Absolutely.

Q. Going to the Honey Brook lands, which you spoke of as owned by the Lehigh and Wilkes-Barre Coal Company in the Lehigh region, what acreage have you there? A. Our Honey Brook lands consist of sixteen acres in which we own the coal only, 1301.96 acres of coal and surface, and of surface only 6958.6 acres. That is a total of how much? A. Total of 8276.56 acres.

Q. Going back to the Wyoming region, what acreage does the Lehigh and Wilkes-Barre Company own there? A. Coal only 4497.42, coal and surface 8480.63 acres, surface only 9387.42 acres, making a total of 22,365.47.

Q. How is that total acreage divided as between fee and

a total of four times the tonnage which he gave the New York, Ontario and Western in the tabulation? A. Practically so.

Q. Taking the Erie Railroad Company, and the tonnage which was allotted to that company by Mr. Griffith in this exhibit, state in your own terms in general like manner your comments upon the way that prophecy has actually worked out. A. Mr. Griffith showed a tonnage of 160,646,500 tons. The reports show that there was mined from 1891 to 1912 inclusive 76,255,200 tons. There should therefore be remaining based on Mr. Griffith's estimate 84,391,300 tons. The tonnage remaining as fixed by the tax authorities is 115,034,200 tons.

Q. By how many million tons did he miss his guess? A. 31,000,000 in the case of that particular company.

Q. Going to the Delaware, Lackawanna and Western Railroad, as covered by Mr. Griffith in this exhibit of the Government, please put into the record your comment on his guess there. A. Mr. Griffith's estimate in 1896 is 332,332,000 tons. There has been mined in the period 1895 to 1912 114,113,900 tons. There should therefore be remaining 218,218,100 tons. As matter of fact, the taxing authorities have fixed it at 312,219,800 tons.

Q. So that after twenty years of mining the taxing authorities assessed the Delaware, Lackawanna and Western and the Delaware, Lackawanna and Western Company pay on the basis of its now having twelve million more tons of coal than Mr. Griffith gave them credit for in 1895? A. That is correct.

Q. Although they have mined out in the interim 114,000,000? A. Yes, sir.

Q. Take the Lehigh Valley. A. Mr. Griffith estimated in the case of the Lehigh Valley 179,400,000 tons. There have been mined in the period 1895 to 1912 44,236,700 tons, and there should, therefore, be remaining 135,163,300 tons. The assessment credit them with 61,071,200 tons.

Q. So the result there was that he was just as bad a

DEFENDANTS' EXHIBIT No. 14.

STATEMENT SHOWING COAL OWNERSHIP OF THE SEVERAL INTERESTS IN THE NORTHERN OR WYOMING FIELD.

ITEM.	D. & H.	N. Y. O. & W.	ERIE.	D. L. & W.	L. V. R. R.	C. R. R.	P. R. R.	INDIVIDUALS.	TOTAL.
Griffith's Estimate—Railroad tonnage owned	115,823,200	.....	143,146,550	300,853,150	161,212,350	342,660,500	86,062,600	.....	1,149,758,350
Griffith's Estimate—Railroad tonnage under contract	.....	13,971,100	17,499,950	31,478,850	18,187,650	5,040,750	15,283,450	.....	° 101,461,750
Griffith's Estimate—Uncontrolled tonnage	.....	.....	.....	.....	.....	.....	.....	26,910,650	° 26,910,650
Griffith's Estimate—Total unmined tonnage	115,823,200	13,971,100	160,646,500	332,332,000	179,400,000	347,701,250	101,346,050	26,910,650	1,278,130,750
Tonnage mined 1895 to 1912, inclusive	94,275,500	25,730,800	76,255,200	114,113,900	44,236,700	66,553,600	19,433,700	*149,193,500	589,792,900
Tonnage remaining on basis of Griffith's Estimate	21,547,700	11,759,700	84,391,300	218,218,100	135,163,300	281,147,650	81,912,350	122,282,850	688,337,850
Tonnage remaining on basis of assessments	138,792,800	25,417,800	115,034,200	312,299,800	61,071,200	350,556,600	40,058,600	*103,294,500	1,146,525,500

NOTE.—* This item represents total of items marked °

guesser as before except that he over-guessed? A. Over-guessed seventy-four million.

Q. Take the Central Railroad of New Jersey in the Wyoming region. A. Mr. Griffith's estimate was 347,701,250 tons. There has been mined in the period 1895 to 1912 66,553,600 tons. There should therefore be remaining 281,147,650 tons. The basis of the assessment on tonnage there in 1913 is 350,556,600.

Q. Have you taken into account the West End and Melville properties? A. I have put those in just as he had them in his report in the same section.

Q. What you have just stated as to the Jersey Central covers those? A. Covers those.

Q. Will you comment upon his guess in respect to the Pennsylvania Railroad? A. He estimated that the Pennsylvania Railroad had 101,346,050 tons. There has been mined from 1895 to 1912 19,433,700 tons. There should therefore be remaining 81,912,350 tons. As a matter of fact, the assessment shows 40,058,600 tons.

Q. So he missed it by a hundred per cent. there in his guess? A. Yes, sir.

Q. He then summarized the amount of individual coal at the foot of his exhibit. Please put into the record your comment on that? A. He estimated individual coal at 26,910,650 tons. As a matter of fact, there has been mined by individuals in that period 149,193,500 tons.

Q. So he missed that guess by about five hundred per cent.? A. Yes, sir. And there is remaining in the hands of individuals, on the basis of the assessment 103,294,500 tons.

Q. Did you at my request make a summary of these exhibits of Griffith's and your comments? A. Yes, sir.

Q. Is the exhibit which I show you a copy of that? A. Yes, sir.

Q. Will you please put that in evidence?

(Witness produced statement marked "Defendant's Exhibit 14.")

Q. Has there been a good deal of tax litigation over the assessments in the Wyoming field in the last twenty years? A. Yes, sir. Particularly in the last eight years.

Q. And it has been an almost constant fight on the subject of the assessors to get the quantity of coal up, and the coal owners to try to keep their assessments down? A. That is the fight.

Q. Is there a lull in the fight now, and are the assessments being acquiesced in by the companies as they stand now, and payment being made? A. Yes, sir; there is only a temporary lull pending the taking of one or two cases to the Supreme Court that have been tried out in the lower courts.

Q. There has been a great deal of litigation over the question during the last eight years, has there not? A. Yes, sir.

Q. How have the assessors arrived at their figures on this minable coal contained in the mines? A. The assessments in the upper or Northern field are based on the minable coal remaining in the several tracts as established not by the assessors directly, but by the county engineers or by the engineers specifically employed by the county for the purpose of estimating the remaining minable coal under the several tracts, which information is furnished to the assessors for the purpose of assessing.

Q. Those are engineers who go into the properties and survey them and look at the mine maps, and so forth? A. They have had access to all the data. They practically had access to the data of the companies operating these properties.

Q. In the Wyoming region the system of mining is far advanced, is it not, generally speaking. A. The territory is very thoroughly developed as a whole.

Q. Thoroughly explored? A. Yes, sir.

Q. Has a great deal of that exploration been done in the last twenty years? A. Yes, sir; a good bit of it, particularly in the deeper territory.

Q. For the last year of the available reports of the Bureau of Mines of Pennsylvania, how many collieries

for the mining of anthracite coal are reported? A. 276 operations.

Q. How many of these are the Philadelphia and Reading Coal and Iron Company? A. In that report the Philadelphia and Reading Coal and Iron Company had thirty-five collieries.

Q. How many collieries had the Lehigh and Wilkes-Barre Coal Company. A. Ten.

Q. How many were the total nnmber of washeries producing anthracite coal? A. Fifty-one.

Q. How many of those were operated by the Philadelphia and Reading Coal and Iron Company? A. Four.

Q. And by the Lehigh and Wilkes-Barre Coal Company? A. One.

Q. As matter of fact, has there been any change in the number of collieries operated actually by the Philadelphia and Reading Coal and Iron Company since that report? A. Yes, sir. At the present time the Philadelphia and Reading Coal and Iron Company has thirty-one collieries and five washeries, and the Lehigh and Wilkes-Barre has eleven collieries and three washeries.

Q. Did you excerpt from that 1911 report from the Bureau of Mines the official report of the individual operators and the tonnage produced by each in the year 1911? A. Yes, sir.

The witness produced the following statement:—

STATEMENT SHOWING INDEPENDENT OPERATORS AND TONNAGE PRODUCED BY EACH IN THE YEAR 1911.

1.	Archbald Coal Company	103,336
2.	A. D. & F. M. Spencer Coal Company	28,007
3.	Alden Coal Company	274,358
4.	A. Pardee & Company	541,253
5.	Alliance Coal Company	120,263
6.	Bull's Head Coal Company	20,733
7.	Bright Coal Company	14,995
8.	Brighton Coal Company	99,964
9.	Buck Ridge Coal Company	124,479
10.	Buck Run Coal Company	214,317

11. Butcher Creek Coal Company.....	18,248
12. Black Heath Coal Company.....	1,773
13. Carbondale Coal Company.	20,362
14. Carney & Brown Coal Company.....	37,552
15. Clearfield Coal Company.	30,804
16. Carleton Coal Company.....	380
17. Clear Spring Coal Company.....	40,652
18. C. M. Dodson & Company.....	334,630
19. Cambridge Coal Company.	70,144
20. Colonial Collieries Company.....	153,056
21. Connell Anthracite Mining Company. . ..	296,930
22. Clinton Falls Coal Company.	7,100
23. Dolph Coal Company, Ltd.	141,914
24. Dunn Coal Company.	10,000
25. Dreshman Coal Company.	4,966
26. Dodson Coal Company.....	209,178
27. Darkwater Coal Company.	89,830
28. Economy Light, Heat & Power Company	37,550
29. Elliott McClure & Company.	245,858
30. East Boston Coal Company.	137,772
31. E. S. Stackhouse Coal Company.....	47,067
32. Excelsior Coal Company	250,697
33. Enterprise Coal Company.	206,176
34. Estate A. S. Van Wickle.	251,852
35. Evans Colliery Company	6,942
36. East Lehigh Coal Company.....	49,964
37. Fall Brook Coal Company.	3,887
38. Forty-Fort Coal Company.....	572,810
39. Greenridge Coal Company	110,180
40. Geo. F. Lee Coal Company.....	91,470
41. G. B. Markle & Company.....	1,121,164
42. Girard Mammoth Coal Company.....	179,830
43. Greenough Red Ash Coal Company.....	247,894
44. Gorman & Campion	21,993
45. Humbert Coal Company.	69,759
46. Herwood Coal Company.	204,032
47. Hazle Mountain Coal Company.	135,826
48. Harleigh Brookwood Coal Company.....	102,280
49. H. H. Smith & Company.	86,501

50.	John S. Wentz & Company.	97,123
51.	John H. Davis Company.	30,377
52.	Jermyn & Company.	586,582
53.	Kingston Coal Company.	2,108,363
54.	Lincoln Hill Coal Company.	5,068
55.	Lackawanna Coal Company, Ltd.	442,149
56.	Lehigh Coal & Navigation Company. . . .	3,615,143
57.	Morse Hill Coal Company.	19,074
58.	Mount Jessup Coal Company, Ltd.	235,713
59.	Moosic Mountain Coal Company.	194,088
60.	Marian Coal Company.	16,695
61.	Minooka Coal Company.	9,193
62.	Moosic Coal Company.	1,458
63.	McCauley Coal Company.	1,917
64.	Miner's Mills Coal Mining Company. . . .	37,855
65.	Mt. Lookout Coal Company.	309,922
66.	M. S. Kemmerer & Company.	123,162
67.	M. A. Gerber & A. S. Seaman.	20,035
68.	Midvalley Coal Company.	340,602
69.	Moses Meyer.	5,405
70.	Maryd Coal Company.	214,711
71.	Mill Creek Coal Company.	119,833
72.	Mt. Hope Coal Company.	80,275
73.	Northwest Coal Company.	180,243
74.	Nay Aug Coal Company.	78,142
75.	North End Coal Company.	32,696
76.	North American Coal Company.	63,838
77.	Northern Anthracite Coal Company. . . .	172,824
78.	Outlook Coal Company.	2,620
79.	Oxford Coal Company.	140,998
80.	Oak Hill Coal Company.	294,240
81.	O'Boyle-Foy Anthracite Coal Company. . .	120,169
82.	Price Pancoast Coal Company.	624,821
83.	Peoples Coal Company.	115,469
84.	Pittston Coal Mining Company.	49,190
85.	Plymouth Coal Company.	281,607
86.	Parrish Coal Company.	270,435
87.	Pardee Bros. & Company.	610,361
88.	Phillips Brothers Coal Company.	41,165

89. Port Carbon Coal Company.	30,252
90. Pine Hill Coal Company.	498,622
91. Red Ash Coal Company.	208,961
92. Raub Coal Company.	128,772
93. Rissinger Brothers & Company, Incorporated.	18,652
94. Randall & Schaad Bros. Anthracite Coal Co., Ltd.	7,676
95. Starrick Creek Coal Company.	530,907
96. South Side Coal Company.	5,549
97. Schuylkill Lehigh Coal Company.	15,658
98. St. Clair Coal Company.	324,685
99. Stillwater Coal Company.	3,750
100. Shipman Koal Company.	212,001
101. Thorne-Neal Washery Company.	1,469
102. Thomas Colliery Company.	326,618
103. Trevorton Colliery Company.	100,101
104. Thomas R. Reese & Son.	4,605
105. Upper Lehigh Coal Company.	130,531
106. Wilkes-Barre Anthracite Coal Company,	35,475
107. West Nanticoke Coal Company.	47,268
108. West End Coal Company.	712,631
109. Wolf Coal Company.	58,234
110. William Niewenter.	4,053
111. W. H. McTurk Coal Company.	112,435
112. White & Company.	21,949
113. West Mountain Coal Company.	14,082
114. W. R. McCready.	9,839
115. William Cooke Estate.	4,896
116. Yost Mining Company.	28,434
Total.	22,479,394

Q. In years past, I refer to four or five years ago, how many of the so-called percentage purchase contracts did the Lehigh and Wilkes-Barre Coal Company have? A. They had three of those contracts.

Q. With what companies? A. With the Red Ash Coal Company, the Melville Coal Company and the Parrish Coal Company.

Q. Are those percentage purchase contracts now in force? A. No, sir.

Q. How long ago were they abrogated? A. They have not been in force since January, 1913.

Q. Who was the owner of the lands of the Red Ash Coal Company? A. The lands of the Red Ash Coal Company were owned partly by the Coal Company itself, and were partly lands of the Lehigh and Wilkes-Barre. The lands of the Melville Coal Company and the Parrish Coal Company were entirely lands of the Lehigh and Wilkes-Barre—owned or controlled.

Q. So that it is true, is it, that all three of these purchase contracts were contracts with the lessees of lands of the Lehigh and Wilkes-Barre Coal Company? A. Yes, sir.

Q. As to the Parrish lands and Melville lands, the only coal those companies mined was owned by the Lehigh and Wilkes-Barre Coal Company in those collieries, the output of which the Lehigh and Wilkes-Barre Coal Company purchased? A. That is absolutely true as far as the Melville Coal Compay is concerned. As far as the Parrish Company is concerned, they did own in fee about four acres of coal lands that they acquired after the lease was made with the Lehigh and Wilkes-Barre.

Q. How much was the acreage that the Lehigh and Wilkes-Barre leased to them? A. Probably five hundred acres.

Q. Was there any effort made on the part of the Lehigh and Wilkes-Barre to make new contracts with the three percentage contracting collieries, the Red Ash, Melville and Parrish? A. No; none whatever.

Q. Why was not that done? A. As matter of fact, we were rather glad to abrogate the contracts.

Q. Why? A. There were several reasons. In the first place, the question of the proper preparation of the coal was more or less of a bone of contention, and in the second place, we were confronted with the condition of taking certain sizes during dull periods and stocking them for indefinite future sale, meaning by that that we purchased the coal and we paid for it not later than the twentieth of each fol-

lowing month, on the basis of 65 per cent. contracts, and if we had no market for certain sizes, we stored it, and if we could sell it the following winter all well and good, and if we could not, we carried it over. Then again, in the latter years of the contracts there was considerable discord because of the fact that the larger companies would not take advantage of unusual market conditions and increase the price to the consumer—that was particularly so following the suspension of 1912—which resulted in considerable friction, and in one instance, the Melville Coal Company in an open violation of the contract, because the independent operator could secure, under the conditions as they existed a price in advance of the price that we were charging the consumer.

Q. In spite of what you say about your willingness to get rid of the 65 per cent. contracts, I observe that you took over the property which was previously under lease to the Parrish Coal Company, which was one of the three parties to these percentage purchase contracts. Why did you do that? A. The acquisition of that property had no bearing whatever on the 65 per cent. purchase contracts. At matter of fact, negotiations for taking over that property were under way before the decree of the Court in the matter of the abrogation of the 65 per cent. purchase contracts was handed down. The facts were that this was a term lease which expired the 1st of June, 1916, and we realized that in the effort of the lessee to do the best he could with the proposition during the closing years of the lease that there would be considerable damage done to the property, and, therefore, looking to its conservation, as we were owners of all the coal, we concluded to take the lease over and operate it ourselves.

Q. And of that property which you took back from the Parrish Coal Company the Lehigh and Wilkes-Barre owned over five hundred acres? A. Yes, sir.

Q. And was taking back its own property? A. Taking back its own property.

Q. And the Parrish Coal Company owned, I believe you stated, about four acres? A. About four acres of coal land.

Q. What did you pay for that property? A. We paid $675,000.

Q. Was the figure arrived at as a matter of protracted negotiation with the other side? A. Yes, sir.

Q. What did you allow them for their own coal lands? A. The coal and surface which they hold in fee $24,000.

Q. So that the $24,000 was to pay them for the only coal they owned; is that it? A. Yes, sir; and the surface—the value of the surface was valued as much as the coal.

Q. So you paid him $24,000 for the coal land he did own and the surface, and the surface was put at more than the coal lands? A. Yes, sir.

Q. Were there extensive culm banks on that property? A. Yes, sir.

Q. And in whom laid the equity and profit from working them? A. In the Parrish Coal Company.

Q. What did you pay them for the physical coal already mined on the surface of the ground? A. $285,000.

Q. You did not have any title to that coal? A. We only had a royalty interest in it, as they prepared it, they had two washeries erected on the property at the time, and were operating on both of these culm banks.

Q. On what basis did you fix the price in your own mind? A. We fixed that price on the basis of what profit they could reasonably make out of the working of these banks, less a certain discount, of course, which we reserved to ourselves for any chance there might be in the working of the properties ourselves.

Q. Did the Parrish Coal Company own some dwelling houses there? A. Yes, sir.

Q. What did you pay for them? A. $12,232.

Q. Did they have a very considerable amount of colliery equipment? A. They had two collieries in operation, all the breakers, machinery, plant of every kind necessary to the operation of these collieries.

Q. Was it worth what you paid for it? A. We think it was. We paid them $333,328. That is what we figured on that item.

Q. Did they have some materials and supplies on hand? A. Materials on hand inventoried at $20,440.

Q. The total of these various items makes up how much? A. $675,000, the consideration paid.

Q. And not one penny of that for the coal you owned, as Mr. Coudert suggested a few moments ago? A. No; we paid nothing whatever.

Q. About that time had there been any natural condition in the mine that made you uneasy about its continuing in their possession? A. As a matter of fact, at the time we took this colliery over they had a mine fire at one of the collieries, and we were very much exercised as the owners of the property, in fact, we put our own men in there to help to seal it off and to control the situation, and when we took this one property over it was idle by reason of the mine fire that existed there at the time.

Q. Were you apprehensive as to the methods they had adopted for heading off the fire? A. We thought they were moving too slowly. We took hold of the proposition in order to hurry it along and do something definite. We were afraid that by the methods that they were handling it, it would spread to such an extent that it would be a very hard matter to get it under control at all.

Q. I direct your attention to a little of the ancient history of the Lehigh and Wilkes-Barre prior to 1874. Did the Lehigh Coal and Navigation Company own a large acreage in the Wyoming Region? A. Yes, sir.

Q. What was done with the land holding of the Lehigh Coal and Navigation Company in the Wyoming region in that year, 1874? A. To go back to 1873 really, on December 19th, 1873, there was an agreement made between the L. C. & N. Company and the Honeybrook Coal Company, whereby the L. C. & N. Company agreed to transfer all of its holdings to the Honeybrook Coal Company. Before the deed was drawn the Honeybrook Coal Company and the Wilkes-Barre Coal and Iron Company were merged in the Lehigh and Wilkes-Barre Coal Company, January 20th, 1874. Therefore, pursuant to this agreement, the property of the L. C. & N. Company passed to the Lehigh and Wilkes-Barre in 1874.

Q. Of course, your statement refers only to the property

of the Lehigh Coal and Navigation Company in the Wyoming region? A. Yes, sir.

Q. About what was the acreage thus conveyed to the Lehigh and Wilkes-Barre Coal Company by the Lehigh Coal and Navigation Company January 20th, 1874, or near that date? A. The total holdings of the Lehigh Coal and Navigation Company in the Wyoming Region transferred to the Lehigh and Wilkes-Barre were fee lands, 6937 acres and 39 perches.

Q. At or about that time did the Lehigh Coal and Navigation Company also assign to the Lehigh and Wilkes-Barre Coal Company a number of leasehold properties? A. Yes, sir.

Q. As matter of fact, that was March 28th, 1874, was it not? A. March 28th, 1874.

Q. What is the total of the leased lands, the leases of which were thus assigned at that time to the Lehigh and Wilkes-Barre Coal Company by the Lehigh Coal and Navigation Company? A. 870 acres.

Q. Turning for a moment from the properties of the Lehigh Coal and Navigation Company in the Wyoming region to the lands of the Lehigh Coal and Navigation Company in the Lehigh and Schuylkill regions, was there at about this same time any transaction involving these lands in the Lehigh and Schuylkill regions? A. There was a lease made March 28th, 1874, of the Lehigh Coal and Navigation Company to the Lehigh and Wilkes-Barre Coal Company, covering all its Lansford lands in Carbon and Schuylkill Counties, for a term of three hundred years. As matter of fact, the Lehigh and Wilkes-Barre operated those lands under that lease from 1874 until 1877, when the receivership occurred.

Q. Then the Lehigh and Wilkes-Barre Coal Company went into the hands of a Receiver? A. Yes, sir; in 1877.

Q. And is it a fact that by a decree of the Circuit Court of the United States for the Western District of Pennsylvania, affirming the Master's findings, January 3d, 1878, these latter lands, called the Lansford lands, and covered by the three hundred year lease, reverted to the Lehigh Coal and Navigation Company? A. Yes, sir. That is correct.

Q. Since that date, January 3d, 1878, has the Lehigh and Wilkes-Barre Coal Company had any relations whatever to the Lehigh Coal and Navigation Company's lands in the Lansford District? A. None whatever.

Q. Or to its operations in any way? A. No, sir.

(At one o'clock P. M. a recess for one hour was taken.)

Cross examination.

By MR. COUDERT:

Q. You spoke in your direct examination of the difference between maximum and minimum cost of production of coal. Will you kindly tell me what is the minimum and what is the maximum cost of production? A. I could not give you that exactly. Do you mean for our own operations?

Q. Precisely. That is, the operation of the Lehigh and Wilkes-Barre Coal Company. A. Taking the operations of the Lehigh and Wilkes-Barre Coal Company, our cost of production, including operation, taxes, sinking fund and general expenses would vary from $1.75 to $2.40 to $2.50 a ton.

Q. Will you try to give me with as much accuracy and exclusiveness and inclusiveness as possible everything that is covered by that cost? A. That covers operating cost.

Q. That is the physical cost of mining? A. Of mining; yes, sir. It includes taxes, State and local, sinking fund, and the general office expenses of handling and selling.

Q. You do not think of anything else that it includes? A. No, sir.

Q. How large a sinking fund? A. About twelve cents a ton.

Q. Then in referring to a maximum and minimum cost you were referring merely to maximum and minimum as far as your own company was concerned? A. Yes, sir.

Q. You were not speaking generally of other companies? A. No, sir. I think, however, that the same variation which applies to our operations would apply to a good many others.

Q. You are pretty sure of that from your general familiarity with mining operations? A. Yes, sir.

Q. Do your maximum and minimum compare approximately with the other companies, so far as you know from your general knowledge of coal operations? A. I might with some of them, but not with all of them. I think the general average of some of them is considerably higher than ours.

Q. You think you are one of low average? A. I think so; yes, sir.

Q. Do the coal companies generally keep estimates of the amount of minable coal actually in the ground which they own? A. I cannot say whether they do or not. As far as our own company is concerned, we have made estimates along those lines because of the fact that the basis of taxation in the Northern Field is now based on the quantity of minable coal in the ground, and for the purposes of determining that, the county has employed its own engineers to estimate the unmined tonnage in the several properties, and as a natural sequence of that sort of taxation, we have estimates of our unmined coal.

Q. Have you furnished those estimates to the assessors, or do you maintain them simply for your own information? A. We have thrown open to the county engineers our maps and data relative to our properties, and their estimates are based, to a large extent, on that information.

Q. And the information which you gave to the county engineers included your own estimates of the unmined coal, did it not? A. Really, we have no definite information of our own. We sort of accepted the general result in a way that this calculation produces as to what our property contains.

Q. Would you be good enough to describe to me in as much detail as you may be able from recollection, the nature of the data that the Lehigh and Wilkes-Barre Coal Company has as to the estimated amount of its coal unmined in the ground? A. As far as our own property is concerned, I think the figures that I gave here represent very closely, under present conditions, the unmined tonnage of the Lehigh and Wilkes-Barre.

Q. In what data, memoranda, papers or books of your

company do these estimates appear? A. We have no memoranda of them whatever, except a copy of the memoranda which is on file in the assessment offices.

Q. When was this law for the taxation of unmined coal you speak of passed? A. The taxation for a number of years in the Upper District has been on the basis more or less of unmined coal, but there was a new estimate made in 1912, as I recall it, covering the entire field by the county engineers, and the figures I am giving here now are based on that estimate.

Q. As vice-president of the Coal Company, familiar with all its general affairs, will you kindly tell me whether or not, as a fact, there was not in the possession of the Coal Company prior to that date, 1912, as to which you spoke, estimates of the amount of coal unmined or minable belonging to the company? A. As I recall it, there was one approximate estimate made, and, as I recall the figures, they show a little less than what the taxing authorities show here now.

Q. In what kind of a document was that estimate made? In an engineering report, or in what? A. I do not know. That was just tabulated on some sheets, I believe, at one time, as a sort of a rough approximation of what there was in the company's property.

Q. That was made about when? A. I could not give you that definitely. I do not recollect.

Q. Roughly? A. I cannot give it even roughly. I did not make it myself.

Q. Do you remember who made it? A. No; I do not.

Q. Could you let me see it? Could you find it? A. I do not know whether I could find it just at the present time.

MR. COUDERT:—I will ask you to look for it, and produce it for me, if it exists in your files in the archives of your company.

Q. Was that prior to 1912 the only estimate of the minable coal of your company of which you know anything of which is in existence? A. That is the only one that I know anything about; yes, sir.

Q. As far as there were any data as to the minable coal,

it was all contained in that paper or series of papers? A. Yes, sir.

Q. Coming subsequently to that period, 1912, as to which you have spoken, what was done by anybody in connection with the company, or for the company, toward making any estimate of the minable coal? A. There was nothing done.

Q. No figures at all? A. No.

Q. I understood you, and perhaps I misunderstood you, and if I am wrong, will you correct me, but I understood you to say by reason of this new assessment that it was necessary to make, the company itself had made estimates of minable coal? A. No. The county made the estimate of the minable coal.

Q. What did the company itself do in connection with that new assessment or subsequently thereto in reference to finding out just what minable coal it owned? A. There really was not anything for us to do. Of course, the estimate showed on its face the minable coal after the statement had been compiled.

Q. That was made by the county engineers? A. Yes, sir.

Q. Did any engineers or officers or employees connected with the Lehigh and Wilkes-Barre Coal Company make any estimate whatever of your minable coal other than the estimate as to which you have already testified? A. No.

Q. Is it then a fact, to your personal knowledge, that down to the present day, the only estimate of unminable coal made directly by the Lehigh and Wilkes-Barre Coal Company and any of its officers or employees or persons connected with it, is that one which you testified was made prior to 1912? A. That is not exactly the fact.

Q. Let me have all the facts in connection with it. A. The proposition is this; that as these county engineers went over this data for the purpose of compiling these tonnages or the coal that was unmined for the purpose of taxation, they were more or less in touch with our engineers, and our engineers in touch with them, and there was more or less criticism on our part as to what was to be included and what was not to be included in this estimate, and when it was made up we had a very good

general knowledge of just what had been done and what had been included in the estimate.

Q. That is the official estimate of the tax engineers of which you are now speaking? A. Yes, sir.

Q. So that estimate was made, if I understand you correctly, largely in co-operation with the county engineers and the engineers of the Lehigh and Wilkes-Barre Coal Company; is that correct? A. The engineers for the county, of course, had to come to the Lehigh and Wilkes-Barre, and, of course, to every other company to a large extent, in order to get the acreages necessary for the compilation.

Q. In order to make that compilation, what factors did they take? They took, first, the acreage, did they not? A. They took the acreage—the acreage of each seam.

Q. Enumerate the factors that they took in reaching that quantity of minable coal. A. They took into consideration all of the conditions. That is, they took into consideration the area of the seam, the nature of the seam, the depth of the seam, the general geological conditions, and they deduced from that the amount of coal minable out of a given area or a given seam under all those conditions.

Q. Did they in making that estimate use the estimate you had already in existence? A. They never used that estimate.

Q. Did your company have any controversy or any litigation with the assessors over that assessment, or any phase of it? A. On this assessment proposition I think there are about six hundred appeals pending now in Luzerne County.

Q. Just from your own company alone? A. No; from all the companies.

Q. Confine yourself to your own company for the moment. A. The whole proposition is one of controversy and litigation. I may say, however, that the dispute as it stands to-day is more on the value placed on the coal than the quantity of coal.

Q. Will you be good enough to tell me how far, if at

all, any of these very numerous lawsuits or controversies you have mentioned affect the question of the quantity of minable coal? A. Of course, in those suits I may say that we do not go very extensively into the quantity of minable coal. The Supreme Court has held that the value of an acre of coal is the value of the superficial acre, and has practically barred the foot acre method in arriving at values, and, therefore, the proposition has not been attacked entirely on the question of quantity of minable coal.

Q. Has your company then coincided in and consented to as correct the amount of minable coal that appears in the estimates which you put on record? A. No, sir; we have not.

Q. Have you disputed that in any way? A. We have not either disputed it or acquiesced in it.

Q. You have just stood back? A. No; we are appealing from those valuations, on the ground that the valuation put on this land as coal land is entirely too high and out of all proportion to its real value.

Q. In disputing that question of valuation have you raised any issue as to the amount of minable coal? Has your company stated that the minable coal was less than that of the estimate? A. I do not know that we have. We have only tried out one case for our own company—that was tried out in 1907 or 1908, somewhere along there—and while we showed in that case the minable coal in a particular tract, we only did that for the purpose of showing the relationship between that tract and a virgin tract that had a certain quantity of coal that had sold for a certain price in the open market.

Q. As an engineer familiar with the questions of mining, the value of coal deposits, &c., can you tell me whether or not this statement is a fact, "that every railroad coal company has an accurate estimate of the unmined coal in its lands"? A. I do not know whether they have or not.

Q. You do not know whether that is true of the Philadelphia and Reading Coal and Iron Company? A. No; I do not.

Q. You have no knowledge at all of it? A. I have no knowledge at all of it.

Q. In your criticisms regarding the Griffith estimate, do you know whether or not some of the companies as to which you have testified have not acquired very considerable coal lands from which they have mined since 1895? A. Yes, sir; there have been some acquisitions of collieries by those companies during this period, but, of course, in the absence of any specific data in Mr. Griffith's record as to just what was included here and what was included there, I could not reconcile the proposition absolutely as of to-day with what it was then. But, however, the fact remains that the total of the field is right absolutely.

Q. The total of your figures? A. The total of the field—of the Northern Field. I am testifying here with reference to the Northern or Wyoming Field.

Q. You mean the total of your own figures? A. Yes, sir. The total of the figures and the total of these discrepancies that there may have been in here is correct as applying to the field as a whole.

Q. I am not questioning that at the moment, but I would ask you what the effect would be upon your comparative criticism of these figures if some of these companies as to which you spoke acquired very considerable coal lands since then and mined from them. Would it not change the whole situation? A. It would not have any material effect. I will state as an example, the D. L. & W., had, according to Mr. Griffith, 332,000,000 in 1895. Now they have acquired *ad interim* just one colliery. That is all. They have mined 114,000,000, and they should have remaining 218,000,000. And yet, on the basis of the assessment they have 312,000,000. So that Mr. Griffith's guess was out 100,000,000, and the acquisition of one colliery would not very materially change those figures.

Q. How far do your data cover other companies as to which you have spoken in regard to the acquisition of additional land? A. As far as our own company is concerned, we acquired nothing in that period.

Q. How about the Lehigh Valley, for instance? A.

Take the Lehigh Valley. The Lehigh Valley acquired several different colliery operations, and yet, on the basis of Mr. Griffith's showing, having acquired all those operations *ad interim,* there is a shortage of 74,000,000 tons on Mr. Griffith's estimate.

Q. Does your data show how much they did acquire? A. No; I am just speaking from my recollection of the situation.

Q. In making up your estimate and comparing it with the Griffith estimate, you did not, I think, mention the Philadelphia and Reading Coal and Iron Company? A. They have no holdings in the Northern or Wyoming Field.

Q. Have you, as matter of fact, any knowledge in regard to their unmined deposits? A. No; I have not.

Q. Then you have made up no data as to them? A. No data. I am covering simply the Northern or Wyoming field in which the bulk of our operations are located, and with which I am familiar.

Q. In your statement showing individual operators and tonnage produced by each in the year 1911, you do not, do you, by individual operators, refer to so-called independent operators? A. Independent operators it should read. It should read "Independent operators." I corrected it on the copy which I had in my own files, and it was not corrected in this memorandum you have.

Q. Do you now testify that all of these 116 companies, or individuals, are independent in the sense that they are not connected with any of the great railroad coal companies? Is that what you mean by that statement? A. Yes, sir. That is what I mean. Except as covered in the note at the bottom of the statement.

Q. How about the Alliance Coal Company? Is that an independent? A. Yes, sir.

Q. It is not connected with any of the railroad coal companies? A. No, sir.

Q. The Lehigh Coal and Navigation Company, or any of them? A. I do not consider the Lehigh Coal and Navigation Company a railroad coal company. We con-

sider the Lehigh Coal and Navigation Company an independent company.

Q. And you class it with these independent companies? A. Yes, sir.

Q. From your great familiarity with the general coal situation, would you also class the G. B. Markle and Company as independent? A. Absolutely.

Q. Is not that connected in some way with the Lehigh Valley Company? A. No.

Q. Are you speaking from knowledge? A. I talked to Mr. Markle a great many times about his operations. I know that he sells his own coal, markets his own coal.

Q. That is practically all you know about it? A. I know that it is not a Lehigh Valley operation.

Q. Then are you quite positive that the Lehigh and Wilkes-Barre Coal Company has not either prior to 1912 or subsequently thereto made any estimate of the unmined coal which it had either in whole or in part, save the one to which you have testified? A. Nothing except what was gotten up in connection with the county engineers on this proposition of taxation.

Q. And the one that was made before 1912? A. Yes, sir.

Q. And you are very sure about that? A. I am quite sure about it.

Q. That is exclusive of anything? A. I do not know of anything else. Absolutely not.

Q. Do you remember as to whether the lease to the Parrish Coal Company contained any clause regarding the shipments of coal to be made over the Central Railroad of New Jersey? A. I am not prepared to say positively as to that. I think it did, but I am not prepared to say positive now; it is a long time since I have gone over that.

SAMUEL D. WARRINER, having been duly sworn, was examined as follows:—

MR. REYNOLDS:—I desire it noted on the record that I have called Mr. Warriner as a witness on behalf of the Lehigh and Wilkes-Barre Coal Company and the Philadelphia

and Reading Coal and Iron Company, and that his examination will not be in behalf of the Lehigh Coal and Navigation Company.

Before examining Mr. Warringer I put into the record an excerpt from the old Reading suit being part of the deposition of W. A. Lathrop, called as a Government witness, the testimony having been given on October 7th, 1908 and October 14th, 1908, Mr. Lathrop then being the president of the Lehigh Coal and Navigation Company.

Deposition of W. A. Lathrop, called as a Government witness in the old case and given October 7th, 1908, and October 14th, 1908. (Volume 2, pages 44, 45, 46, 47, 48, 50, 51, 52, 53, 71, 72, 75, 76, 77, 80, 84, 86.)

W. A. LATHROP, a witness for the plaintiff, having been duly sworn, was examined as follows:—

Direct examination.

By MR. MCREYNOLDS:

Q. Please state your age, residence, and occupation. A. My age is 54; I am president of The Lehigh Coal and Navigation Company; my home is in Wilkes-Barre, Pa.

Q. How long have you been president of The Lehigh Coal and Navigation Company? A. Since March, 1907.

Q. Is The Lehigh Coal and Navigation Company a Pennsylvania corporation? A. Yes, sir.

Q. Organized under the general or a special act? A. Under a special act.

Q. How many collieries has it? A. Ten.

Q. What system of railroad serves these collieries? A. The New Jersey Central and the Philadelphia and Reading.

Q. Do both of these railroads reach the same collieries in any instance? A. No. The Lehigh Coal and Navigation Company owns the Panther Creek road and delivers to both of these roads.

Q. Where does the Panther Creek road connect with the New Jersey Central? A. At Hauto.

Q. Where does it connect with the Philadelphia and Reading? A. At Tamaqua.

Q. Does the Panther Creek road serve all the collieries of your company? A. All that are operated by the company; yes.

Q. How do you distribute your trade between the two roads, the New Jersey Central and the Philadelphia and Reading? A. We distribute it in accordance with our ability to sell the coal in these different markets.

Q. Do you sell coal in New York? A. Yes, sir.

Q. How do you distribute that tonnage between these two roads? A. That all goes by the New Jersey Central.

Q. Why? A. The shortest and most direct route. It is bound to that road by agreement of lease with the Lehigh and Susquehanna, which also belongs to The Lehigh Coal and Navigation Company.

Q. Are the rates of freight from your collieries over the Philadelphia and Reading Railway Company and the New Jersey Central Railroad Company to tidewater at New York Harbor the same? A. We have no rates by the Reading to tidewater at New York Harbor.

Q. They do not quote you rates at all? A. No, sir; we do not go that way. It would be a roundabout way.

Q. What proportion of the output of The Lehigh Coal and Navigation Company is sent to tidewater at New York? A. I can not answer that. This is a round figure, I do not recall it, but I should say a little more than half of it.

Q. How is it sold in New York? A. Sold by our own agency.

Q. Do you sell any of the coals mined by your company to The Lehigh and Wilkes-Barre Coal Company? A. No, sir.

Q. Do you sell any of the coals mined by your company to any other mining company? A. No, sir. They are all handled by ourselves.

Q. They are all sold through your own selling agency? A. Yes, sir.

Q. Is any railroad company, so far as you are aware, a stockholder in The Lehigh Coal and Navigation Company? A. Not as far as I am aware.

Q. Is any other coal mining company the owner of stock in that company? A. Not as far as I know.

Q. Have you any reason to believe that? A. I have no reason to believe that there is. On the contrary, I believe there is no such ownership.

Q. Do you think your company is owned by individuals? A. I do.

Q. Are the presidents of any of the anthracite coal-carrying railroad companies stockholders in your coal company? A. I could not tell you without looking at the list.

Q. You are not aware of it if they are? A. No; I am not aware of it.

Q. You stated about half of your output came to New York Harbor? A. I think a little more than half; yes, sir.

Q. Speaking generally, where does the rest of your output go? A. It is shipped to various points along the lines between the mines and tide, and some of it goes to New England by rail, and some goes over the Lehigh and Hudson, and some of it goes to Philadelphia, and some of it goes to points on the canal. We own a canal in connection with this property.

Q. Is your company the owner of the shares of any of these anthracite coal-carrying roads? A. No, sir.

Q. Is the same true in reference to the coal companies which themselves are controlled by the railroad? A. I think we have a small stock interest in The Lehigh and Wilkes-Barre Coal Company. Not very much of it.

Q. Have you any business with The Lehigh and Wilkes-Barre Coal Company? A. No.

Q. You neither buy from them nor sell to them? A. No, sir; neither.

Q. How are your prices at which you sell coal at New York Harbor fixed? A. We fix them ourselves.

Q. How? What do you take into consideration? A. We get the very best price we think we can for the coal, just as any other merchant would do.

Q. Do you have information about what other coal companies are going to sell at next month, for instance? A. No; we do not. We would like to have it.

Q You do not know? A. We do not know; no. No one knows exactly There is not any such close union that we can tell what our competitors are going to sell their coal for. I wish there were. I would know better how to handle our own business.

Q. Do you sell at the same price or a different price? A. We sell at the very best price we can get, always.

Q. So do all your competitors, of course? A. I presume so; yes.

Q. Can you get a better price for your coal than your competitors? A. We can for some grades of it, and for some grades we can not get as good.

Q. What are your prices to-day for the prepared sizes; egg, say? A. I will give you the averages for last month if you will give me a little time. I can not give them offhand.

Q. Were they not exactly the same as The Philadelphia and Reading Coal and Iron Company prices? A. I do not know.

Q. Are you not always advised what The Philadelphia and Reading Coal and Iron Company is going to sell theirs at? A. Their average prices; no.

Q. No; not the average prices. What their public prices are? A. No; I am not.

Q. You fix your prices irrespective of them? A. We have a general idea, of course. These prices that we learn of every month, we deal with the same people they deal with. We know the prices at which they offer coal, and we do our best to hold our business on that basis.

Q. Are you not selling coal at exactly the same prices they are to-day? A. No, sir; I tell you we are not. As far as I know, we are selling our coal at the best prices we can get for it and keep our mines running. That is what we are in business for.

Q. You have no standard for your coal? A. No standard beyond that.

Q. Have you no fixed price for your coal? A. Yes, sir; we issue a circular.

Q. When do you issue that circular? A. I do not recollect whether we issue that every month. Yes; I think we issue it every month.

Q. Are not the terms of that circular just exactly the same as the circular issued by The Philadelphia and Reading Coal and Iron Company? A. I can not answer that. I do not know.

Q. Do you not see that circular? A. I have not seen a Philadelphia and Reading circular in six months.

Q. Has not the price of your coal changed in six months, except from month to month so much, 10 cents each month? A. It changes constantly.

Q. What do you mean by that? A. I mean we have no fixed price in a market of this sort. We are occasionally obliged to cut our prices to move our coal. We make a fixed price, but make a discount from that price.

Q. Do you mean to say, then, that you publish one price and sell at another? A. We publish a circular price, as most other people do, from which a discount is allowed, as most people do.

Q. Is that discount uniform? A. No, sir.

Q. You give a different discount to different customers? A. We might do that; yes.

Q. Do you do that? A. Yes, sir; we do.

Q. How much is your maximum discount? A. I can not tell that. It is in the hands of our sales department, and I can not give you those details.

Q. One per cent? A. I tell you I can not give it to you. If I knew it was one per cent. I would have told you.

Q. Is it that much or less than that? A. It depends on circumstances.

Q. You have given him orders as to about how much discount he shall give? A. We tell him to get the best price he can. Sometimes he gets more than the circular price. At other times he gets less, depending on circumstances, depending on how good his credit is, or a dozen other things enter into the merchandise end of it.

Q. Do you change your prices of coal each month after April? A. We change the circular price.

Q. What was your circular price for egg coal last April? A. I can not recollect those figures. I can give you the circular.

Q. Have you not had the same circular prices for your coal for the last three years? A. That I can not answer, but I will produce the circular.

(Mr. McReynolds requested the witness to produce the circulars referred to issued by his company for the last three years.)

Q. Who is your principal competitor in the New York market? A. I do not know that there is any principal competitor. We are competitors of every other of the large interests who ship coal here.

Q. Give us some of them. A. The Lehigh and Wilkes-Barre Coal Company, The Philadelphia and Reading Coal and Iron Company, the Delaware, Lackawanna and Western Railroad Company, the Lehigh Valley Railroad Company, the Ontario and Western Railroad Company, and the Erie. Those are among the principal ones

Q. Do you confer with those people about the prices of coal? A. Not at all.

Q. When did you cease to? A. I have not done it since I have been with the company.

Q. Have the prices of coal been changing in your company since you went there? A. Yes, sir.

Q. Materially? A. Yes, sir.

Q. Raised or lowered? A. Both.

Q. The different sizes? A. At different times different sizes, depending on the market.

Q. You always change your price of coal on the 1st of April, do you not? A. We do; yes. It is good business to try to get these people to take their coal early in the season so that we are not crowded and rushed with coal in the fall.

Q. Each month you advance it ten cents? A. We advance our circular ten cents, yes. We do not necessarily advance the price.

Q. Does your company sell to the trade all the coal it mines? A. No; it sells some to commission houses.

Q. Does your company sell to any railroad company, or to any coal company controlled by any railroad company, any part of its output? A. No.

Q. What is the capital stock of The Lehigh Coal and Navigation Company? A. About $19,000,000.

Q. What is its bonded indebtedness? A. Something over $17,000,000. I do not remember the exact figures.

Q. Is that bonded indebtedness held or controlled by any railroad company, as far as you are aware? A. Not as far as I know.

Q. Do you sell much coal along the line of the New Jersey Central Railroad between your mines and the harbor of New York? A. Yes; we sell all we can find customers for.

Q. How do the prices compare with the prices at tide? A. They are usually higher.

Q. Materially higher? A. I do not know that I could answer that exactly. They are higher.

Q. The lease which you produce, under which the Central of New Jersey operates the Lehigh and Susquehanna Railroad, provides for a payment of a certain percentage of the gross receipts to the lessor. Are settlements made from time to time with the New Jersey Central on that basis? A. You will remember in that lease that arrangement continued until one-third of the rental reached a maximum figure, and it is now settled on that maximum figure.

Q. How long has it been settled on that maximum figure? A. Before my connection with the company. I can not tell how long.

Q. For two years or more? A. Yes; I know for more than two years.

Q. Are the terms of that lease which you have already introduced being carried out and the roads being operated under it to-day? A. Yes.

Q. And have they been since your connection with The Lehigh Coal and Navigation Company? A. Yes.

Q. Are the collieries of your company operated to their capacity throughout the year, and have they been since your connection with it? A. Practically so. There are times during the summer when that is not done, because we can not find the people to buy our coal. Except that they are worked practically full time.

Q. What proportion of the entire production of anthracite does your company put out? A. I think the total production last year was about 67,000,000, as near as I remember, and our production was not quite 3,000,000. That would be about 5 per cent., a little less than 5 per cent.

Q. Do you endeavor to so operate your mines as to produce about that per cent. from month to month of the entire output? A. No, sir; we do not pay any attention to that.

Q. You pay no attention to the output of the other companies? A. We get out all the coal we can find customers for. We would be glad to get out more if we could find them.

Q. Did you ever try the expedient of reducing the price of coal to get customers? A. We can not afford to, because we make very little money now on the anthracite business. The average during the last three years has been less than 5 cents a ton.

Q. You mean operating all your collieries? A. On all sizes of our coal.

Q. Do you sell coal that you get out of the collieries at a high cost of production at the same price as that which you get from the collieries where the operation is cheaper? A. Yes, sir.

Q. Has The Lehigh Coal and Navigation Company ever owned anthracite coal lands in what is known as the "northern region?" A. Yes; at one time they owned lands in the Wyoming Valley.

Q. When were they disposed of and to whom? A. I can not give you the date of that. They were disposed of to The Lehigh and Wilkes-Barre Coal Company at some time, long before my connection with the company. I do not know the circumstances.

Q. I see by your statement of the output and prices that you have furnished here from 1901 down to September, 1908, that the prices vary, they do not seem to be exactly the circular prices even on the prepared sizes, they go up and down, and when we come to steam sizes

there seems to be a greater difference. Can you tell why that is? A. It is the result of competition for trade. We sell our coal at the very best price we can get for it. It depends on how bad the other man wants it what price we have to take.

Q. Do the steam sizes have much to do with the matter of your profit? A. The whole question of cost, figuring the cost of anthracite coal, is a very complicated one, due to the fact that these steam sizes are by-products really in the manufacture of domestic coal, and we sell them for what we can get, and when you figure your profits you really figure on making your profits on the prepared coal.

Q. This Panther Creek Railroad, as I understood you to say, is practically what might be called your gathering railroad? A. Yes.

Q. It is built to the breakers at your collieries? A. Yes.

Q. And it is built to them from time to time as you need to extend it to them? A. I suppose so, as they were developed.

Q. Is that railway to these collieries expensive to build, maintain, and operate? A. Yes, very much so.

Q. Does any other railroad reach your collieries? A. No.

Q. Have you any idea of what the expense is to complete or build a railroad per mile in that country, to collieries in that way, and maintain it? A. I could not give you an average figure; no. It is high, because the country is mountainous and rough, and the grades are steep.

Q. When your colliery is worked out is the railroad then of any use any further? A. No, sir; none at all.

Q. There is no other traffic for the railroad? A. Not in our Panther Creek case.

Q. So that the railway in some fashion must pay for itself during the life of a colliery? A. Yes.

Q. And pay its own cost of operation? A. Yes.

Q. And the colliery's life would run over about how many years? A. I could not give you that. I do not know.

Q. You can not tell about that? A. I do not know.

Q. You spoke of operating your collieries to their capacity if you could get the customers for your coal, and you said you did not put the prices lower because your profit was too small. Does mining and selling coal in that respect differ from any manufacturing enterprise in this, to wit, that whether you run your factory or mine at full capacity or not depends on whether the profit is sufficient, so that you can run it at a profit? A. It is exactly parallel.

Q. The mining proposition is substantially a manufacturing proposition? A. Yes, sir; it is, in that respect.

Q. Only in mining you are using up your capital all the time? A. Yes.

Q. If you do not charge up anything for depreciation or royalty, or anything else, when you get through what have you got? A. You have got the bag.

Q. You have got a hole in the ground? A. You have got a hole in the ground.

Q. In that respect it differs from a manufacturing enterprise, in that they in some fashion get their return as it goes along? A. I should say in that respect.

Q. You have breakers at all these collieries? A. Yes.

Q. They cost about how much apiece? A. Modern breakers cost anywhere from $200,000 to $250,000.

Q. And your collieries themselves, to get your shaft down and get them developed, what does that cost? A. You can not develop a modern colliery much short of $1,000,000, counting breaker and other appliances.

Q. Do you recall what is called the Schuylkill Valley line of the Philadelphia and Reading Railway, extending from Pottsville to Tamaqua, the Schuylkill Valley branch, they call it? A. From Tamaqua to Pottsville?

Q. Yes. A. Straight down the valley?

Q. It does not go straight through to Pottsville, but in that direction. A. Yes.

Q. You recall also the little Schuylkill Valley? A. Running down to Port Clinton, yes.

Q. That is probably the line over which your coal from the Panther Creek region proceeds to Philadelphia, as it

would be the natural water grade line by way of Port Clinton and Reading to Philadelphia? A. That would be the natural line, yes, but the question asked me was whether it went a certain way.

Q. To get to New York it would have to be transferred from some point at or near Philadelphia, over the North Penn and Bound Brook system of the Reading Railway system and the Jersey Central, in order to reach Elizabethport where you tranship your coal? A. If sent by Tamaqua.

Q. By our system? A. Yes, that is the only way to get there.

Q. Would not that be an intolerably roundabout line as against the natural line down the Lehigh and Susquehanna? A. Yes.

Q. The only reason for shipping coal that way would be to reach that line and Philadelphia track delivery? A. That is all the coal we send that way.

Q. That is the only economic reason there would be for sending it that way? A. Yes.

Q. I understand you also reach other track deliveries in Philadelphia by the Belvidere branch from Phillipsburg? A. Yes.

Q. You ship your coal from the mines in connection with the Jersey Central's operation of the Lehigh and Susquehanna to Phillipsburg, N. J., where it is diverted down the river by way of the Belvidere branch of the Pennsylvania Railroad, and then to the track deliveries on the Pennsylvania system in Philadelphia? A. That is right.

Q. You could not reach New York naturally and economically by using either the lines of the Philadelphia and Reading Railway system or the lines of the Pennsylvania Railroad system? A. No; we could not reach New York in that way.

Q. You have a connection to Philadelphia, a physical connection, with the track of the Lehigh and Susquehanna to the North Pennsylvania Railroad track of the Reading leased line, at South Bethlehem? A. Yes; we do send some coal that way.

By MR. REYNOLDS:

Q. Did you succeed Mr. Lathrop as president of the Lehigh Coal and Navigation Company? A. I did; yes, sir.

Q. What time? A. The first of July, 1912.

Q. What had been your previous affiliation? A. With the Lehigh Valley Coal Company.

Q. How long had you been with them? A. I had been with the Lehigh Valley Coal Company, with the exception of five years, since 1890.

Q. In what position? A. As engineer, general superintendent, general manager, and vice-president.

Q. You were a mining engineer? A. Originally I was by profession a mining engineer.

Q. What was your preparation for that profession? A. A technical education at Lehigh University and Amherst College, from both of which I graduated, supplemented by practical experience in the coal, copper and iron mining.

Q. Have you any relations whatever with the Philadelphia and Reading Coal and Iron Company? A. No, sir; I never have.

Q. Or the Lehigh and Wilkes-Barre Coal Company? A. No.

Q. Or the Philadelphia and Reading Railway Company? A. No.

Q. Or the Central Railroad Company of New Jersey? A. No.

Q. From 1890 to 1912 you were then in the practical mining control of the properties of the Lehigh Valley Coal Company? A. I was associated with them, but I was in charge of their coal properties from 1901 to 1912.

Q. Does the Lehigh Valley Coal Company, and did they then have operations in all three of the mining regions, that is, the Wyoming, the Lehigh and the Schuylkill? A. Yes, sir.

Q. You were in charge of their operations in all three of those regions? A. Yes, sir.

Q. So that for those eleven years you were familiar with the mining conditions in all three regions? A. I was.

Q. Since then you have been in charge as president of the Lehigh Coal and Navigation properties? A. Yes, sir.

Q. In what regions have they properties? A. They are operating in the Lehigh and Southern or Schuylkill fields.

Q. So that now you are as well familiar with the Lehigh and Schuylkill fields from a practical, operating, mining engineer standpoint? A. I am; yes, sir.

Q. Is there within your knowledge of these two companies a very considerable discrepancy in the cost of production as between the minimum cost at the most favorably located collieries and the maximum cost at the most unfavorably located collieries? A. There is a very wide fluctuation in the cost between collieries in the various regions, not only in the cost, but in the revenue derived per ton of coal from the product.

Q. Taking an operation in a single region and involving several collieries in that single region, is there a wide margin between the minimum cost of the favorable colliery and the maximum cost of the unfavorable colliery? A. There is a margin; yes, sir.

Q. Contrasting generally the fields, taking the Wyoming field on the one side and the Schuylkill field on the other, in which field is the margin of profit in operation the greater? A. Generally speaking, the margin of profit is very much greater in the Wyoming or Northern field than it is in the Southern or Schuylkill field.

Q. Can you epitomize briefly the conditions which bring that about, geologically and mining? A. In the first place, generally speaking, the revenue per ton of coal mined in the Wyoming field is very much greater than it is in the Southern coal field, due to the more regular condition of the veins, and the more even quality of the coal it produces, and larger percentage of the domestic sizes of coal than is the case in the Southern field. In the second place, as far as mining operations are concerned, the Wyoming coal beds generally lie flat or on a gentle pitch; it is possible to lay out and maintain a given operation with a lesser capital investment, the costs of timbering or development are less, generally speaking, the amount of water to be pumped per

ton of coal mined is less, and the quality of the coal is very much more regular. There is less expense connected with the development work through pinch faults and irregularities of the veins. Then again, a certain amount of development done in that Wyoming field is done sufficiently for the mining of the entire coal, whereas, in the more steeply pitching veins in the Schuylkill field the continual development has to be made and only one or two lifts at a time can be mined, leaving until some future time the mining of the deeper portions of the basin.

Q. Contrasting the broad margin of profit in operation of the Wyoming field with the narrower margin of profit in the Schuylkill field is it a practical engineering condition that as the coal becomes scarce and the price goes up, the Wyoming region will naturally be in a position to mine much more coal than could be estimated as minable with present conditions? A. Over a large part of the Wyoming field estimates generally taken at the present time of minable coal are made on the theory that a certain proportion of the coal, from forty to sixty per cent., as the case may be, will have to be left inside for the support of the surface. As time goes on and the coal becomes scarcer, undoubtedly methods, which are already beginning to be made in that region, such as filling and silting and packing with waste rock, will be more largely adopted, until finally I have no doubt that methods will be in force there similar to the methods now in force in Europe, by which instead of 40 or 50 per cent. of the coal being taken out, possibly 80 or 90 per cent. will be taken out. Possibly all of it. But, that whole question is largely an economic question, and the larger margin of profit in the Wyoming region should in time encourage the operators in that region to gradually adopt methods for mining the larger proportion of the coal than is now generally considered minable.

Q. Will that be natural and normal to very much lengthen the estimated life of the Wyoming region? A. Very much.

Q. Coming to the statement put in by the Government in this case, being a so-called estimate of William Griffith.

published in the "Bond Record" in June of 1896, forming an exhibit of the Government in this case, I want to call your attention to some of the features of that estimate. In the Lehigh region he gives, under the caption of tonnage owned by the Central Railroad of New Jersey, 351,018,900 tons, with an acreage of 9335 acres. With your knowledge of the acreage of your own company, the Lehigh Coal and Navigation Company, and the acreage of the Honey Brook collieries of the Lehigh and Wilkes-Barre Coal Company, is it necessarily true that that acreage includes both companies? A. I would assume that it did cover both companies, the Honey Brook Company and the lands owned by the Lehigh Coal and Navigation Company east of the Little Schuylkill River.

Q. Neither one of the companies alone would furnish that acreage? A. No; probably not.

Q. He gives as the tonnage by contract of the Central Railroad Company of New Jersey an acreage of 1426 acres, and an unmined tonnage of 8,768,600 tons, thus making a total tonnage of both owned and controlled by contract of 359,787,500 tons. That estimate being as of the year 1895. You were present this morning and heard Mr. Huber testify that since 1895 the Lehigh and Wilkes-Barre had mined about half a million tons a year from the Honey Brook collieries? A. Yes, sir.

Q. That would make fully 10,000,000 tons mined out by the Lehigh and Wilkes-Barre since 1895, would it not? A. Yes, sir; about that figure.

Q. Since 1895 about how much tonnage has the Lehigh Coal and Navigation Company mined out from these lands? A. In round figures I should say about 60,000,000 tons.

Q. So that would mean a total of 70,000,000 tons mined out from those 359,000,000 tons in the past twenty years? A. Yes, sir.

Q. If my arithmetic is correct, that would leave in the ground, according to Mr. Griffith's guess, 289,787,500 tons? A. Yes, sir.

Q. Did you read the petition of the United States Government in this case? A. I did; yes, sir.

Q. Are you aware that the Government says in its petition that the Lehigh Coal and Navigation Company alone has at the present time instead of about 289,000,000, 500,000,000 tons of unmined coal? A. Yes, sir; I saw that.

Q. The third paragraph of your answer on page 4, which you signed, admits that allegation, does it not? A. Yes, sir.

Q. I suppose it is fair to assume that either one of these statements or the other must be a little incorrect; that Griffith's estimate of 289,000,000, or the Government's averment of 500,000,000, one of them must be wrong, I suppose? A. That would be the natural assumption.

Q. How much tonnage do you remember was given by Griffith to the Pennsylvania properties in the Lehigh region? A. One million one hundred thousand.

Q. Are they still mining coal in the Lehigh region? A. That is coal that they get by contract entirely.

Q. They did not give that any tonnage? A. None whatever

Q. It was so small, it is negligible anyway, 1,000,000 tons? A. Yes, sir.

Q. The Lehigh Valley tonnage, what comment can you make on that from your knowledge of the property? A. The Lehigh Valley tonnage was given as a total tonnage, tributary to the Lehigh Valley Railroad, and tonnage by contract is given as 93,816,400 tons. The total of tonnage tributary to the Delaware and Susquehanna and Schuylkill Railroad, which was bought by the Lehigh Valley Railroad in 1904 or 1905, was given as 69,901,200, or a total of 163,717,600 tons. I have figured out the total shipped over the Lehigh Valley Railroad since that time from the Lehigh region in the years 1895 to 1913, inclusive, which figures out 76,731,352 tons. Leaving in round figures 89,000,000 tons still left available for shipment, according to Mr. Griffith's estimate.

Q. Is the Lehigh Coal and Navigation Company independent in every way of the Philadelphia and Reading

Coal and Iron Company and the Lehigh and Wilkes-Barre Coal Company? A. Absolutely; yes, sir.

Q. Is it controlled or dominated in any way by the Philadelphia and Reading Railway? A. No, sir.

Q. Or the Central Railroad Company of New Jersey? A. No.

Q. Or the Reading Company? A. No, sir.

Q. Or any of the officers of those companies? A. No, sir. In no way whatever.

Q. Do you take any orders or directions from anybody else but your own directors? A. I take no instructions from anybody except the board of directors of the Navigation Company. I am elected by the stockholders of the Navigation Company and represent their interests.

Q. Do you take any advice or consultation or suggestion from any of these other companies? A. In what way do you mean?

Q. In respect to any of your affairs of the Lehigh Coal and Navigation Company in the way you run it? A. No; in no way.

Q. Do you permit any of these other coal companies, like the Lehigh and Wilkes-Barre Coal Company, or the Philadelphia and Reading Coal and Iron Company, or any of these railroads, the Philadelphia and Reading Railway Company or the Central Railroad Company of New Jersey, or the Reading Company, to affect or fix your price at which you sell your coal? A. No; none whatever. We sell our coal for the very best price we can get for it, and at the same time take care of our regular customers who have been customers of the company for years.

Q. What influences you in fixing the price below which you will not sell your coal? A. That we cannot afford to do. The margin of profit for the Navigation Company in its coal operations for the last year was approximately ten cents a ton. We cannot afford to sell our coal at less prices than we do sell it, without suffering a loss.

Q. Why do you not sell your coal at a higher price than that demanded by the other coal companies whose

stocks are owned by the railroads? A. Certain grades of coal, the higher grades of coal that we have we do sell at a higher price. The average grades of coal we do not sell at a higher price, because we have our regular customers to whom we look for help during dull times. We expect them to be our steady, regular customers, and during times of scarcity in coal, we do not consider it good business to exact more from them than we would under normal conditions. We do not consider it good merchandising to do that.

Q. Or to demand more than the other large companies are demanding? A. No; generally speaking, for that same grade of coal we expect to get as good a price as anybody else who is in the business. My instructions to our sales agent are that he shall get just as good a price as anybody else who is merchandising the same grade of coal in competition with him.

Q. Since your connection with the Lehigh Coal and Navigation Company have you gained some familiarity with the canal problem? A. I have.

Q. Do you know of any other canals now operating in the State of Pennsylvania than the canals which you operate and the Schuylkill canal? A. No; I do not, not now operating in the State of Pennsylvania.

Q. In recent years has any effort been made on the part of the Lehigh Coal and Navigation Company to improve the canal situation on your property? A. We have kept, and are now employing a corps of engineers who are especially studying every feature connected with the operation of canals, to see if we can make changes in the methods of operation of the canal which would make it a profitable operation. We have spent considerable sums of money in experiments with electric motors, both on canal boats and on tracks along the tow path, and have also experimented with gas producer tugs of special design for the purpose of hauling canal boats, and have also made very complete studies of different forms of canal boats, to see if we can remedy the present troubles

we have with the operation of the canal. But so far we have not developed anything that is of a very practical nature.

Q. Did you adopt the electric haulage plan? A. We did not; no.

Q. The canal transports a good deal of your Lehigh Coal and Navigation Company coal, does it not? A. About three hundred thousand tons a year; yes, sir.

Q. And, of course, as to that, the amount of the toll you pay is out of one pocket into the other? A. Yes, sir.

Q. So that if it were five dollars or five cents, it would make no ultimate difference to the Lehigh Coal and Navigation Company? A. No.

By Mr. Drinker:

Q. Referring to the canal situation, you saw the statements that I offered in evidence this afternoon, showing the maximum rentals of the Central Railroad of New Jersey for the last thirteen years? A. Yes, sir.

Q. You observed that since 1903 one-third of the gross receipts had exceeded the maximum rental and had still been growing ever since? A. Yes, sir.

Q. You know that under the so-called routing clause in the lease of 1871 the canal traffic is not included? A. Yes, sir.

Q. So that since 1903 if it was to the advantage of the Navigation Company to ship over the canal, there was every inducement for them to do so if they could do it cheaper than by the railroad? A. To largely increase the tonnage shipped by the canal would largely increase the investment, and, with the present equipment we have on the canal, and the uncertainty of transportation due to the interruptions from continuous floods and freshets, we have not considered that we were warranted in making additional investment for canal boats or in enlarging the canal to increase the tonnage. The results of the operations have not been sufficiently encouraging to warrant additional investment.

Q. Are you elected by the board of managers or by the stockholders? A. I am elected by the stockholders.

Cross examination.

By Mr. Kingsbury:

Q. Have you any independent estimate, or have you caused to be made any independent estimate of the amount of minable coal remaining in the lands of the Lehigh Coal and Navigation Company? A. I have never caused any estimate to be made. There was an estimate made, I believe, several years ago.

Q. How long ago? A. That I do not recall. Perhaps five or six years ago.

Q. Prior to your connection with the company? A. Yes, sir; prior to my connection with the company.

Q. Do you know by whom it was made? A. Made by Mr. Cochrane, I think, an engineer of Pottsville.

Q. Employed by the Navigation Company? A. Yes, sir; I believe so.

Q. Do you know what the figures of that estimate were? A. No, I do not, except in round figures, the estimate was in the neighborhood of 500,000,000 tons.

Q. Have you that estimate in the form of a document in the records of the company? A. I could not say as to that. I have never seen it.

Q. Will you look for it and have counsel produce it at a subsequent session if you find it? A. Yes, sir; I will do so.

Q. Do you have the same method of taxation on your lands that has been testified to in regard to the Lehigh and Wilkes-Barre Coal Company lands by Mr. Huber? A. That method of taxation as described by Mr. Huber has only been applied to the Wyoming field. The estimates of tonnage in the Lehigh and Schuylkill fields are necessarily so uncertain that nobody has ever felt that they would be sufficiently accurate even for the purposes of taxation, and, as a result of that, coal lands in those fields have been invariably taxed on the basis of so much per acre, more or less regardless of the amount of coal which is supposed to underlie them.

Q. But that assumes that some coal underlies the land, does it not? A. Yes, sir.

Q. They are taxed as coal lands and not as agricultural or timber lands? A. No; they are taxed as coal lands.

Q. How does your company carry its coal lands on its books; at an estimated value, or at the price you paid for them or in what way? A. You might not say an estimated value. I do not believe I could tell you just on what basis that is.

Q. It is an arbitrary value? A. You might say it is an arbitrary value. They carry it very low on the books.

Q. Do you happen to remember the figures? A. I think if you have the balance sheet of the company it will show. I do not recall. I think on our present balance sheet the coal lands and improvements are lumped together all as one item.

Q. You gave some testimony as to the difference between the maximum and minimum cost of the production of your coal in different collieries. I think you said it was about seventy-five cents a ton? A. I do not recall that I gave any figure.

Q. How much difference is there in the cost of your coal between your maximum cost of production and minimum? A. You mean as applying to the Lehigh Coal and Navigation Company, or applying to the field generally?

Q. Applying to your own company? A. So far as the Lehigh Coal and Navigation Company is concerned, there is very little difference in the cost of its coal.

Q. About how much? A. I should not say on the average there was over fifteen to twenty-five cents a ton difference.

Q. What were your maximum and minimum figures? A. That I do not recall.

Q. Have you no idea? A. I should say the average cost, between the maximum and minimum cost,—it would be a bare sort of an estimate, but I would say that the average cost of mining would be between two dollars and two dollars and twenty-five cents a ton.

Q. That I think you testified leaves a smaller margin of profit than in the Wyoming region? A. Yes, sir. Due to

the fact that the average cost of mining is higher and the average revenue is very much lower.

Q. What is your margin of profit about? A. As I testified, for last year it was in the neighborhood of ten cents a ton.

Q. You also testified in regard to the probability of the introduction in the future of new methods of mining, which would result in making it possible to get out coal which under present conditions is left in the ground? A. I referred before very largely to the Wyoming field in the flat veins.

Q. You have no such expectation in your collieries? A. Our veins are all steep pitching veins, varying up as high as workable.

Q. You have a general familiarity with what this new method would be? A. Yes, sir.

Q. It would be considerably more expensive than the present methods, would it not? A. Yes, sir.

Q. So that when the point is reached, the cost of production in the Wyoming field will more nearly approximate the cost of production in your field? A. I should not want to prophesy as to just what it would be.

Q. That would be the natural inference, would it not? A. That would be a natural inference; yes, sir.

Q. Has your company ever conducted its mining operations at a loss for any considerable period of time? A. That I would not want to say. My acquaintance with the company is of a comparatively recent date. I have been familiar with it only over the last two years, and I would not want to say.

Q. You testified that the figures given in the Griffith estimate indicated that the estimate for the Central Railroad Company of New Jersey coal lands, included the lands of the Lehigh and Wilkes-Barre and also the lands of the Lehigh Coal and Navigation Company? A. Yes, sir.

Q. That is simply a matter of your inference from figures; is it not? A. I think it is not only an inference, but it is a logical deduction. It could not be figured out in any other way. Part of the Lehigh Coal and Navigation

Company's collieries are embraced in the Lehigh region, and part of the Lehigh Coal and Navigation's property is embraced in the Schuylkill region. In other words, the Little Schuylkill River affords an arbitrary line in that field or basin between what is known as the Lehigh region and what is known as the Schuylkill.

Q. In which region is the bulk of your Navigation Coal Company's lands? A. The greater part of the tonnage is in the Lehigh region.

Q. About what proportion? A. I should imagine two-thirds of it. Possibly more.

Q. Has there been any change of policy or method of operation of the Lehigh Coal and Navigation Company since you became president; or, has it continued in its general line of action that it pursued before? A. Its general line of policy as an independent producer of coal has been continued. There has been no change of method, there has been no change of policy.

Q. Just what do you call "independent?" What do you mean by the word "independent" as stated in your testimony? A. I mean that the Lehigh Coal and Navigation Company is an independent corporation in that it is not and does not consult or accede to the wishes either through its executive officers or through its stockholders or through its banking connections with any competitor in the business.

Q. Is it not a fact that you ship somewhere in the neighborhood of three-quarters of your whole output over the Jersey Central? A. We do; yes, sir.

Q. Is not that in pursuance of contract relations with the Jersey Central? A. It is in pursuance of contract relations by virtue of a lease which was made in 1871 by the Lehigh Coal and Navigation Company to the Jersey Central.

Q. So that to the extent of three-quarters of your tonnage, you have not a free choice of where you ship it and how you ship it? A. I think the lease speaks for itself in that particular.

By Mr. Coudert:

Q. You follow the lease? A. We follow the lease; yes sir.

By Mr. Kingsbury:

Q. In your company's reports year after year very frequently your relations with the Jersey Central have been described as "an alliance," have they not? A. I believe I have seen some references or something like that in some of the old reports of the board of managers.

Q. You have seen that phrase? A. Yes, sir.

Q. Have you any other special relations with the Jersey Central in addition to the lease and contract in connection with it? A. Not that I know of of any special moment.

Q. Are you associated with the Jersey Central in the ownership of any interests? A. We have a small interest in I think 500 shares in the Lehigh and Wilkes-Barre Coal Company, and I think the Jersey Central Railroad, and a small ownership in the stock of the Alliance Coal Mining Company which you might call one of the subsidiary companies of the Lehigh Coal and Navigation Company.

Q. You have a large interest, have you not, in the Lehigh and Hudson River Railroad Company? A. Yes, sir; we have a large interest.

Q. But the Jersey Central has a subsidiary interest in that? A. They have a smaller interest than we have in it; yes, sir.

Q. But together you have the majority, have you not? A. I never figured it out that way. We never worked in concert to make it necessary to figure it in that way.

Q. You never consulted with any representative of the Jersey Central about the Lehigh and Hudson in any way?

A. I am a member of the board of directors of the Lehigh and Hudson. We have consulted for the benefit of the Lehigh and Hudson River Railroad at the directors' meetings, not outside of that. Never.

Q. Are there some directors of the Lehigh and Hudson who are regarded as representing the interest of the Jersey Central in that board? A. I think there are, yes, sir.

Q. Who? A. Mr. George F. Baer.

Q. Any one else? A. Mr. DeForest is a member. Who are the members? Mr. Stotesbury is a member. I do not know that I recall anybody else, except Mr. Stotesbury, Mr.

Baer and Mr. DeForest. There might be one or two more there.

Q. Your company entered into an agreement with the Central Railroad Company of New Jersey and the Lehigh and Wilkes-Barre Coal Company under date of February 1st, 1892, did it not? A. I do not know.

Q. As the chief officer of your company do you know of the present existence of such an agreement? A. Under date of what?

Q. February 1st, 1892. A. No; I do not recall an agreement of that date at the present time. What does it refer to, may I ask?

Q. There it is. (Agreement shown witness.) A. Yes, sir; I have read that agreement.

Q. That is still in existence? A. Yes, sir; it is still in existence.

Q. You are living up to the terms of that agreement? A. So far there has been no litigation over it in any way.

Q. Or no disagreement about it? A. I would not say that there has not been any disagreement. I said there had not been any litigation.

Q. Is there any controversy over it at the present time that you know of? A. No; not at the present time. There has been controversy over it, which up to the present time has not been settled.

Q. So that to the present time the following provision is in effect, "The true intent and meaning of this agreement being to continue the policy heretofore pursued by the parties hereto as evidenced by existing agreements, and to cement their interests indissolubly so that they may mutually protect and defend each other, and may successfully resist any effort to sever them." A. That reads more like a Fourth of July oration than a statement of the mode of operation.

Q. It is there and you recognize it as still binding your company? A. The agreement speaks for itself.

Q. Who fixes the prices at which your coal is sold? Do you do so personally? A. No; I do not. In any case of a large contract where our sales department are in

doubt as to the policy to be pursued they consult me, but, in the first instance, and in all ordinary and routine matters, the prices are fixed by the head of our sales department.

Q. But under your general supervision and direction? A. Under my general supervision and direction.

Q. And with your approval? A. Yes, sir.

Q. Your company's counsel furnished a statement which was put in evidence, in which it was stated, "The price demanded by the company," that is the Navigation Company "for its product is necessarily regulated by the price fixed in the circulars of the Philadelphia and Reading Coal and Iron Company and of the Lehigh Valley Coal Sales Company, which circulars are printed and distributed to the public." You do not take the position that your counsel has made ~~and which he has filed as~~ a statement on behalf of your company, do you? A. No; I do not.

Q. That statement is true? A. It is necessarily true. We cannot expect to sell a product, which is no better than our competitor's product, at a price that is higher than they receive for it in the same market. We do endeavor to, but our prices are necessarily regulated by what our competitors get for their coal.

Q. Have you sold any substantial amount of your coal at any lower price than the Philadelphia and Reading Coal and Iron Company? A. I should hope not.

Q. You would not do so consciously or willingly? A. No, sir.

By Mr. Coudert:

Q. You would not do so willingly, and you could not do so? A. We could not do so.

By Mr. Kingsbury:

Q. Why could you not do so? A. Because if we sold the coal at less than it cost us to mine, we would lose money.

Q. You are selling as near the cost of mining as you can shave it? A. We are selling at as far above the cost of mining as we can with a due regard for our cus-

tomers who realize that we are continuing in trade indefinitely, and with whom we want to continue on good terms and relations. We get for it the very best price we can get for it.

By Mr. Coudert:

Q. Then you could not sell higher than the Reading, and you would not sell lower? That is the situation, is it not? A. No. I am speaking on the average.

Q. On the average you could not sell higher and you would not sell lower? A. On the average for the same grade of coal we could not sell higher than the Reading do. If our sales department is not as good a sales department as the Reading sales department, they probably would not be able to get as high an average price for the Wyoming. But, we believe that they are as capable as the other sales departments, and we believe that on the average they get just as good a price as our competitors get. In other words, we have to regulate our merchandising business by the prices which are secured by our large competitors. We are comparatively a small company in the puddle, and we cannot hope to get more than the other persons do. We do hope to get just as good a price as they get.

Q. So that it is a perfectly fair statement is it not, based on what your company has already put in and what you have said yourself, that you could not sell for more and that you will not sell for less? A. I will not put it as bald as that. We have got our mines to run, and so long as we can sell coal at a profit and keep our mines going, where otherwise we would have to shut them up, we will do it. It is regulated entirely by how we can make the best profit out of the business, and at the same time, take care of the legitimate rights of our regular trade and customers.

Q. And as matter of fact, you do not sell higher than the Reading? A. Certain grades of coal we do. We have certain special grades of coal that command quite a premium.

Q. Aside from those specials you have spoken of, you

do not and cannot sell —— A. No; I do not think we do.

Q. And you are unwilling to sell lower? A. If we can get as good a price as the Reading do, we try to get it.

Q. As matter of fact, your company relies for its principal net revenue on the rental which it derives from the Lehigh and Susquehanna Railroad rather than the profit that it makes from its mining of coal, does it not? A. Yes, sir; the largest element of profit for the Lehigh Coal and Navigation Company is the rental of the Lehigh and Susquehanna Railroad.

Q. Your company also owns substantially all the stock of the Lehigh and New England, does it not? A. Yes, sir.

Q. Do you derive any substantial net revenue from that investment? A. We derived a small net revenue from it last year, which was the initial dividend declared by the Lehigh and New England.

Q. And you derive some revenue from your investment in the Lehigh and Hudson? A. Yes, sir. We have for the last two years, I think it is, received a dividend of four to five per cent.

Q. Can you state approximately what proportion of your net revenue is derived from your coal operations, or is that impossible for you to answer? A. I think our net revenue was about fifteen per cent. from coal operations.

Q. The rest in transportation in one form or the other? A. Yes, sir.

Q. Do you derive any revenue from other shippers than yourselves on your canal? A. No. Outside of some merchandise shippers, raw stone and something of that kind.

Q. Have you a substantial amount of shipments on your canal other than your own coal? A. No; not substantial.

Q. Do you carry any other coal on the canal besides your own coal? A. We do not.

Q. Simply your own? A. Yes, sir.

Q. Where does that coal go to—what market? A. It

goes to the Philadelphia market mostly, and along the line of the canal.

Re-direct examination.

By Mr. Reynolds:

Q. In the Lehigh region, Mr. Griffith put in the acreage of the C. R. R. Company of New Jersey owned as 9335 acres. Would it be possible, with the small acreage of the Honey Brook fields of the Wilkes-Barre to make up that 9000 acres in that field without including the Lehigh Coal and Navigation Company? A. No, sir. I think Mr. Griffith treated the property of the Lehigh Coal and Navigation Company as property owned by the Central Railroad of New Jersey.

Q. Are the Lehigh Coal and Navigation Company operations in the Lehigh region in one compact body or locality and geologically very homogeneous? A. They are. They are all contiguous to each other.

Q. So that there would be, in the nature of things, a very small difference between the maximum and minimum cost of production of coal? A. That is true.

Q. Going back to your recollection of the Lehigh Valley, how large a margin between the maximum cost of production and the minimum cost of production did you use to have there between your collieries? A. Anywhere from a dollar to as high as a dollar and a half a ton difference in the cost of production.

Q. As a practical question, have you seen the agreement of February 1st, 1892, between the Central Railroad and the Lehigh Coal and Navigation Company before during your incumbency as president? A. I believe I did see it once somewhere, but I never paid any attention to it.

Q. Has any practical question ever come before you in connection with it? A. No.

Q. Has any practical enforcement of the contract in any form been insisted upon as between the coal companies? A. No.

By Mr. Kingsbury:

Q. It is so well understood that you do not think to dis-

cuss it, is that it? A. It is not understood at all. The agreement has never been what we would consider a live agreement under which we were working.

By MR. REYNOLDS:

Q. It is a dead letter? A. Practically speaking it is a dead letter.

(Adjourned until Friday, April 17th, 1914, at eleven o'clock A. M.)

PHILADELPHIA, PA., Friday, April 17th, 1914,
11 o'clock A. M.

Present—The Examiner, Messrs. Coudert, Kingsbury and Gordon, Special Assistants to the United States Attorney General, for the Government; Messrs. Reynolds, Heebner, Turner, Beitler and Drinker, for the defendants.

(Mr. Reynolds offered in evidence Act incorporating the Laurel Run Improvement Company, being a certified copy of Act of General Assembly of the Commonwealth of Pennsylvania, approved May 8th, 1871, as follows):—

"No. 817.

"AN ACT

"To incorporate the Laurel Run Improvement Company.

"SECTION 1. *Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly* met, and it is hereby enacted by the authority of the same, That John W. Lott, J. M. Hodge, E. J. Jones, O. H. Torbert, G. F. Rohrer, and their associates, and such other persons as may become holders of the stock of said company, are hereby created a body politic in law and in deed, by the name, style and title of the Laurel Run Improvement Company, and as such shall have perpetual succession, and all the powers, privileges, franchises and immunities of a corporation.

"SECTION 2. That the capital stock of said company shall consist of twenty thousand shares, of the par value of fifty dollars per share, and the president and directors shall have power from time to time to issue such an additional amount of stock as they may deem necessary to carry out the objects of the corporation or may issue the bonds of said company, bearing such rates of interest, not exceeding eight per centum per annum, and payable at such times as they may designate, or may issue both said stock and bonds, and dispose of either, or both of the same, at such price and in such way and manner as they may deem expedient; and shall have power to secure the principal and interest of said bonds by a mortgage or mortgages upon the whole or any parts of their property real or personal, and their corporate rights and franchises acquired or to be acquired by said company.

"SECTION 3. The said corporation shall have power to purchase, sell, transport and mine coal, and to mine and manufacture iron, and for this purpose the said company shall have power to acquire from time to time by purchase, lease or otherwise, such lands as they may deem expedient, and may lease, sell, mortgage or otherwise dispose of such land or any rights, easements or privileges therein; and may construct all necessary buildings and fixtures necessary for the business of mining, and for preparing coal for market, mining and manufacturing iron, and the accommodation of persons engaged in their employ in the said business.

"SECTION 4. That the corporators, or a majority of them, named in the first section of this Act, over their joint signatures, shall prepare a certificate, setting forth that they have elected a president and six directors of said company, and the powers and duties of said corporation shall thereupon finally cease and determine; and said certificate, when deposited in the archives of said company, shall be evidence of the election of the president and directors named; and such president and six directors shall adopt a form of subscription for stock, and when not less than five thousand shares shall have been

subscribed for, and not less than five dollars per share shall have been paid in, a meeting of the stockholders shall be called, at a time and place to be designated in a written or printed notice, to be served upon each stockholder, either personally or by mailing the same to his place of residence; and at the said meeting, or some adjournment thereof, the stockholders present, either in person or by proxy, shall have power, by a majority of votes, to elect a new president and new board of six directors, or to continue the old president and the old board; and shall adopt such by-laws, fixing the terms of office, qualifications, and election of president and directors, the time and place of holding an annual meeting of the stockholders, and election of president and six directors, the convening of special meetings of stockholders, the calling in and enforcing by suit, forfeiture or otherwise, of payment of stock subscription, and such other matters connected with the business of the said company as they may deem advisable; which said by laws may be amended, altered or repealed by a majority of votes, at any general or special meeting of the stockholders; and at all corporate meetings or elections, for and purpose whatsoever, each share of stock shall entitle the holder to one vote.

"SECTION 5. The stockholders, at their annual meeting, or at some adjourned meeting, shall elect a president and six directors, who shall serve for the ensuing year, and until their successors are elected; and any vacancy in the office of president or directors shall be filled by the remaining directors, or president and directors, as the case may be; any four of the presidents and directors, for the time being, shall constitute a quorum, and shall be subject to the by-laws adopted by the stockholders, exercise all the corporate powers which the corporation may at any time lawfully exercise, including the power of appointing all such officers, agents or employees as they may deem necessary, and may from time to time adopt, repeal, alter or amend the by-laws for regulating the business of the company, not inconsistent with those adopted

by the stockholders; and it shall be lawful for the president and directors of said company to subscribe for or purchase the lands or stock of any other incorporated company in the State of Pennsylvania, and for any railroad or mining company existing under the laws of this State to subscribe for or purchase the stock, or to purchase or guarantee the bonds of the company hereby incorporated. This corporation shall pay into the treasury of the commonwealth a bonus of one-fourth of one per centum on the capital stock hereby authorized, or hereafter created, in four equal annual instalments, and such taxes on dividends as is or may be provided by law; and the stockholders of said company shall be individually liable for all debts due mechanics, workmen and laborers employed by said company, and for all materials and provisions furnished to said company to be sued for and collected as is provided in the twelfth thirteenth and fourteenth sections of the act incorporating the Lackawanna Coal and Iron Company, approved the fifth day of April, one thousand eight hundred and fifty-three.

JAMES H. WEBB,
"Speaker of the House of Representatives.
"WILLIAM A. WALLACE,
"Speaker of the Senate.

"Approved the eighteenth day of May, Anno Domini one thousand eight hundred and seventy-one.
"JNO. W. GEARY.

"OFFICE OF THE SECRETARY OF THE
"COMMONWEALTH OF PENNSYLVANIA.

"HARRISBURG, Feb. 2, 1914.

"PENNSYLVANIA, *ss.*

"I DO HEREBY CERTIFY, That the foregoing and annexed is a full, true and correct copy of an act of the general assembly of this commonwealth entitled 'An Act to incorporate the Laurel Run Improvement Company:' ap-

proved May 18, 1871; as the same appears of record and remains on file in this office.

"*In Testimony Whereof*, I have hereunto set my hand and caused the seal of the Secretary's Office to be affixed, the day and year above written.

"WM. HERTZLER,

[SEAL] "*Deputy Secretary of the Commonwealth.*"

Mr. Reynolds also offered in evidence certified copy of the proceedings under which the name of the Laurel Run Improvement Company was changed to the Philadelphia and Reading Coal and Iron Company, as follows:—

"IN THE COURT OF COMMON PLEAS FOR THE CITY AND COUNTY OF PHILADELPHIA.

"*In the matter of the petition of the Laurel Run Improvement Company for a change of its corporate name to The Philadelphia and Reading Coal and Iron Company.*

"AND NOW, December 12th, 1871, it appearing to the court that the within petition was filed in the office of the prothonotary of this court, and that notice thereof was inserted in one newspaper printed in the County of Philadelphia, for at least three weeks, as directed by the order made by this court on the fifteenth day of November, 1871, and no reason being shown to the contrary. It is decreed and declared that the prayer of the said petition be granted, and that the name, style, and title of 'The Laurel Run Improvement Company' be changed to 'The Philadelphia and Reading Coal and Iron Company,' and that the said petition and the orders thereon be recorded in the office for the recording of deeds in this county.

"E. M. P.

I HEREBY CERTIFY the foregoing to be a true and correct copy of the decree made on the twelfth day of December, A. D. 1871, in the matter of the petition of 'The Laurel Run Improvement Company' for a change of its corporate name to 'The Philadelphia and Reading Coal and Iron Company.'

"*In Testimony Whereof*, I have hereunto set my hand, and affixed the seal of said Court, this fifteenth day of December, A. D. 1871.

"J. A. LOUGHBRIDGE,
"Pro. C. C. P."

[SEAL]

"AUDITOR GENERAL'S OFFICE.

"HARRISBURG PA., February 2nd, A. D. 1914.

"I DO HEREBY CERTIFY that the foregoing is a full and true copy of the original remaining on file in this office.

"Witness my hand and seal of office, the day and year aforesaid.

"A. W. POWELL,
"Auditor General."

"Per WM. BINGHAMKAY,
"Chief Clerk."

[SEAL]

W. G. BROWN having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your position, and with what company? A. I am secretary of the Philadelphia and Reading Coal and Iron Company.

Q. Have you any connection with the Lehigh and Wilkes-Barre Coal Company? A. None whatever.

Q. The Central Railroad Company of New Jersey? A. No, sir.

Q. Or the Philadelphia and Reading Railway Company? A. No, sir.

Q. Or the Reading Company? A. No, sir.

Q. Or the Lehigh and New England Railroad Company? A. No, sir.

Q. Or the Lehigh and Hudson River Railroad Company? A. No, sir.

Q. Or the Lehigh Coal and Navigation Company? A. No, sir.

Q. Does your company act independently in the purchase of its materials? A. Entirely so.

Q. And pays for your materials from its own funds? A. Yes, sir.

Q. Does it pay railroad fares of its employees. A. Yes, sir.

Q. On all railroads? A. On all railroads.

Q. Does it pay the regular printed tariff rates on its coal? A. Yes, sir; the regular published tariff.

Q. How are your men paid, and by whom? A. By our own paymaster.

Q. Do you keep your own bank accounts? A. Yes, sir.

Q. And your own books and accounts A. Yes, sir.

Q. At what prices do you sell coal to the Philadelphia and Reading Railway Company? A. At the same prices as we sell to our other customers.

Q. At my request have you prepared a statement showing the investments in your western yards and depots from your general balance sheet of January 31st, 1914? A. Yes, sir.

Q. Will you please put that in the record?

The witness produced the following statement:—

WESTERN YARDS AND DEPOTS.

From General Balance Sheet, January 31st, 1914.

	Real Estate	Improvements	Total
Canal Street, Chicago	59,995.32	5,000.00	64,995.32
Division Street, Chicago	57,000.00	2,500.00	59,500.00
95th St., & South Chicago Dock	100,000.00	80,617.41	180,617.41
Irving Avenue, Chicago		28,641.88	28,641.88

	Real Estate	Improvements	Total
New Coal Dock, Superior	20,129.62	820,961.85	841,091.47
Old Coal Dock, Superior		54,209.49	54,209.49
Retail Yard, Superior	5,000.00	326.29	5,326.29
Canal Street, Milwaukee	197,305.88	130,347.17	327,653.05
Yard #2, Minneapolis	32,611.90		32,611.90
Yard #3, Minneapolis	14,969.55	8,284.44	23,253.99
Yard #4, Minneapolis	11,002.70	28,854.03	39,856.73
Yard #1, Minneapolis		4,471.12	4,471.12
Yard #1, St. Paul		2,500.00	2,500.00
Yard #2, St. Paul		2,500.00	2,500.00
Yard #3, St. Paul		6,262.00	6,262.00
Atlantic Avenue, Rochester		37,603.21	37,603.21
Lyoll Avenue, Rochester	18,000.00	7,327.03	25,327.03
Central Transfer, Lyons, N. Y.		46,541.39	46,541.39
Totals.....	516,014.97	1,266,947.31	1,782,962.28

PHILADELPHIA, February 21st, 1914.

Q. Is the Railway Company a large purchaser of coal from the Philadelphia and Reading Coal and Iron Company? A. Yes, sir.

Q. Both bituminous coal and anthracite coal? A. We sell some bituminous coal. They purchase all their anthracite coal from us.

Q. What price by general description do they pay? A. The regular current prices.

Q. Since when has the Philadelphia and Reading Coal and Iron Company been the lessee of the lands of the Tremont Coal Company, the Preston Coal and Improvement Company, the Delaware Coal Company, and the Mammoth Vein Coal Company? A. Since 1876.

Q. And of the Locust Gap Improvement Company? A. Since 1888.

Q. Is it also, and has it been in possession of the lands of the Fulton Coal Company for a period since 1885? A. Yes, sir.

Q. What rate of interest does your company pay on commercial loans from the Reading Company? A. Four per cent.

Q. About how much anthracite coal are you purchasing normally in the ordinary and usual course of business from other producers? A. At present we are only purchasing from two, the Enterprise Coal Company and the Pine Hill Coal Company, about fifteen to seventeen thousand tons a month, I think.

Q. At my requets did you prepare a statement of the operations of the Philadelphia and Reading Coal and Iron Company for the fiscal years 1898 to 1913 inclusive? A. Yes, sir.

Q. Is that statement in your hand the one you prepared? A. Yes, sir.

Q. Will you please put it in the record?

(The witness produced the following statement):—

THE PHILADELPHIA AND READING COAL AND IRON CO.

COMPARATIVE STATEMENT OF OPERATIONS FOR THE FISCAL YEARS 1898 TO 1913 INCLUSIVE.

Year Ended June 30	Production			Sold Tons	Cost Per Ton Mined by Company	Cost Per Ton Mined and Purchased	Cost Per Ton of Coal Sold	Receipts Per Ton	Profit of the Coal Department		Miscellaneous Receipts		Total Profit in Operating	
	Mined Tons	Purchased Tons	Total Tons						Average Per Ton	Amount	Average Per Ton	Amount	Average Per Ton	Amount
1898	6,681,600.19	1,082,403.10	7,764,004.09	7,706,169.07	$1.80.3	$1.78.6	$1.79.8	$1.85.5	$.05.7	$440,172.31	$.00.5	$36,066.18	$0.06.2	$476,238.49
1899	7,156,734.00	1,195,381.15	8,352,115.15	8,303,344.14	1.58.7	1.58.9	1.60.8	1.71.3	.10.5	870,791.05	.00.4	30,943.89	.10.9	901,734.94
1900	8,031,951.01	1,125,467.00	9,157,418.01	9,379,427.08	1.67	1.66.7	1.66.5	1.85.5	.19	1,787,930.00	.01.8	164,137.01	.20.8	1,952,067.01
1901	8,016,935.18	967,434.11	8,984,370.09	9,100,516.02	1.82.6	1.82.3	1.85	2.08.7	.23.7	2,151,933.03	.00.7	72,333.76	.24.4	2,224,266.79
1902	6,968,566.03	1,034,290.02	8,002,856.05	8,289,828.07	2.06.6	2.02.8	2.00.1	2.16.8	.16.7	1,386,405.13	.01.4	112,803.38	.18.1	1,499,208.51
1903	6,299,449.04	1,008,252.08	7,307,701.12	6,842,537.02	2.19.9	2.18.8	2.24.5	2.66.2	.41.7	2,851,723.34	.03.2	219,049.53	.44.9	3,070,772.87
1904	8,707,508.02	1,388,534.17	10,096,042.19	9,758,139.14	2.22.6	2.22.9	2.25	2.54.6	.29.6	2,885,203.79	.03.9	383,965.29	.33.5	3,269,169.08
1905	9,438,665.17	1,184,349.11	10,623,015.08	10,312,223.12	2.19.2	2.20.2	2.24.4	2.44.9	.20.5	2,110,077.28	.02.1	222,416.89	.22.6	2,332,494.17
1906	9,132,353.14	1,024,050.17	11,156,404.11	10,275,605.00	2.18.6	2.19.1	2.12.3	2.30.4	.18.1	1,857,874.68	.01.6	171,691.56	.19.7	2,029,566.24
1907	10,034,713.02	1,107,848.07	11,142,561.09	10,492,511.15	2.16.8	2.17.6	2.16.4	2.33.5	.17.1	1,959,093.84	.01.4	167,472.36	.18.5	2,126,566.20
1908	10,218,392.05	1,083,681.19	11,302,074.04	10,992,975.16	2.14.6	2.16.1	2.14.7	2.35.7	.21	2,313,766.50	.01.0	109,840.74	.22	2,423,607.24
1909	9,283,961.03	955,620.09	10,239,581.12	10,076,210.03	2.24	2.23.7	2.22.2	2.36.6	.14.4	1,458,534.79	.01.2	116,086.12	.15.6	1,574,620.91
1910	8,842,595.15	786,796.04	9,629,391.19	9,564,216.14	2.30.8	2.30.9	2.31.1	2.42.6	.11.5	1,105,830.39	.01.1	101,312.52	.12.6	1,207,142.91
1911	9,025,614.03	828,666.17	9,854,281.00	10,094,466.14	2.31.9	2.31.7	2 31.5	2 34.8	03.3	333,672 13	.00.8	83,848 82	.04.1	417,520.95
1912	8,671,013.00	641,272.00	9,312,285.00	10,194,690.02	2.39.3	2.40.2	2.34.3	2 45.6	.11.3	1,154.528.60	.00.3	33,413.66	.11	1,121,114.94
1913	11,089,742.16	524,574.05	11,614,317.01	10,748,603.00	2.35.1	2.35.7	2.39.1	2.73.5	.34.4	3,695,555.20	.00.8	91,363.14	.35.2	3,786,918.34
Total....	137,599,797.02	15,938,624.12	153,538,421.14	153,131,465.10	.....	.....	.....	.....	$0.18	$28,363,092.06	.....	$2,049,917.53	.....	$30,413.009.59
Average.	8,599,987.06	996,164.01	9,596,151.07	9,570,716.12	$2.12.5	$2.12	$2.11.9	$2.30.4	$0.18.5	$1,772,693.25	$0.01.4	$128,119.85	$0.19.9	$1,900,813.10

Philadelphia, February 8th, 1914.

Q. Did you at my request also prepare a statement showing the tonnage annually mined, purchased, and marketed by the Philadelphia and Reading Coal and Iron Company for the calendar years from January 1st, 1896, to December 31st, 1913? A. Yes, sir.

Q. Will you kindly put that statement in evidence?

(The witness produced the following statement):—

PHILADELPHIA AND READING COAL AND IRON CO.

TONNAGE ANNUALLY MINED, PURCHASED AND MARKETED FROM JANUARY 1, 1896, TO DECEMBER 31, 1913.

Calendar Year	Tonnage Mined			Tonnage Purchased			Total Mined and Purchased	Total Tons Marketed
	From Lands Owned by the P. & R. C. & I. Co.	On Royalty From Leased Lands	Total	Mined From Lands of P. & R. C. & I. Co.	Mined From Lands of Others	Total		
1896	5,546,676.12	1,573,430.10	7,120,107.02	537,932.17	407,140.04	945,073.01	8,065,180.03	7,777 348.05
1897	5,010,241.09	1,414,801.13	6,425,043.02	628 555.14	435,515.14	1,064,071.08	7,489,114.10	7,496,750.09
1898	4,980,119.04	1,410,762.02	6,390,881.06	617,251.14	445,596.10	1,062,848.04	7,453,729.10	7.639,406.15
1899	6,173,114.03	1,570,396.13	7,743,510.16	674 647.01	542,949.06	1,217,596.07	8,961,107.03	9,405,033.05
1900	5,929,600.11	1,299,642.02	7,229,242.13	652,768.13	294,438.07	947,207.00	8,176,449.13	8,393,017.11
1901	7,097,567.16	1,297,891.04	8,395,459.00	789,385.01	320,180.19	1,109,566.00	9,505,025.00	9,352,617.16
1902	3,920,305.02	607,982.15	4,528,287.17	560,712.03	84,257.05	650,969.08	5,179,257.05	5,428,364.08
1903	7,455,191.12	1,448,863.12	8,904,055.04	1,258,591.00	248,723.18	1,507,314.18	10,411,370.02	9,341,765.09
1904	7,352,532.05	1,632,731.06	8,985,263.11	1,021,512.08	226,903.18	1,248,416.06	10,233,679.17	10,194,048.02
1905	8,073,674.08	1,905,318.17	9,978,993.05	909,740.03	294,375.02	1,204,115.05	11,183,108.10	10,893,835.15
1906	7,130,448.03	1,788,721.05	8,919,169.08	677,060.07	283,907.04	960,967.11	9,880,136.19	10,264,005.16
1907	8,606,759.15	2,324,585.12	10,931,345.07	914,065.17	259,289.14	1,173,355.11	12,104,700.18	12,253,980.17
1908	7,439,451.60	1,861,213.01	9,300,664.01	770,742.02	260,911.07	1,031,653.09	10,332,317.10	9,795,894.16
1909	7,000,462.03	1,707,541.10	8,708,003.13	549,526.08	230,735.15	780,262.03	9,488,265.16	9,673,268.13
1910	7,227,440.09	1,570,152.07	8,797,592.16	611,310.07	234,933.07	846,243.14	9,643,836.10	9,962,013.09
1911	8,112,994.09	1,455,655.17	9,568,650.06	530,395.01	246,851.00	777,246.01	10,345,896.07	10,312,418.11
1912	8,267,046.02	1,389,384.18	9,656,431.00	431,673.05	206,731.19	638,405.04	10,294,836.04	10,961,637.10
1913	8,349,103.14	1,602,417.19	9,951,521.13	187,267.02	79,527.00	266,794.02	10,218,315.15	9,115,715.09
Total.....	123,672,728.17	27,861,493.03	151,534,222.00	12,329,137.03	5,102,968.09	17,432,105.12	168,966,327.12	168,261,122.16

PHILADELPHIA, February 26, 1914.

Q. The last statement is prepared, as I understand, on the basis of the calendar year which is the coal sales year? A. Yes, sir.

Q. And the previous statement, which involves the financial affairs of the company as well, is prepared on the basis of the fiscal years, ending June 30th? A. Yes, sir.

Q. Did you also at my request prepare a statement showing from 1896 to date the tonnage, and its proportion to the total tonnage marketed by the Philadelphia and Reading Coal and Iron Company, distributed annually by the Philadelphia and Reading Coal and Iron Company from New York Harbor? A. Yes, sir.

Q. Will you please put that statement on the record?

(The witness produced the following statement):—

The Philadelphia and Reading Coal and Iron Company Exhibit showing from 1896 to date the tonnage (and its proportion to the total tonnage marketed by Philadelphia and Reading Coal and Iron Company) distributed annually by The Philadelphia and Reading Coal and Iron Company from New York Harbor.

NEW YORK HARBOR.

Calendar Years	Tons Sold	Per Cent. of Total Sales	Total Number of Tons Sold at all Points
1896.....	1,052.958	13.54	7,777.348
1897.....	1,044.552	13.93	7,496.750
1898.....	1,073.744	14.06	7,639.406
1899.....	1,273.038	13.54	9,405.033
1900.....	911.296	10.86	8,393.017
1901.....	1,015.701	10.86	9,352.617
1902.....	467.432	08.61	5,428.364
1903.....	936.212	10.02	9,341.765
1904.....	1,450.582	14.23	10,194.048
1905.....	1,471.048	13.50	10,893.836
1906.....	1,256.397	12.24	10,264,005
1907.....	1,761.242	14.37	12,253.989
1908.....	1,316.621	13.44	9,795.894

1909.....	1,297,279	13.41	9,673,268
1910.....	1,243,302	12.48	9,962,013
1911.....	1,288,991	12.50	10,312,418
1912.....	1,616,943	14.75	10,961,638
1913.....	1,015,059	11.14	9,115,715
Total.....	21,492,397	12.77	168,261,115

Philadelphia, January 26th, 1914.

Q. Did you also at my request prepare a statement showing the States in which the Philadelphia and Reading Coal and Iron Company distributed anthracite coal for the year ending December 31st, 1913? A. Yes, sir.

Q. Will you please put that statement on record?

(The witness produced the following statement):—

The Philadelphia and Reading Coal and Iron Company distribution of Anthracite Coal Year ended December 31st, 1913.

Maine,
New Hampshire,
Vermont,
Massachusetts,
Rhode Island,
Connecticut,
New York,
New Jersey,
Pennsylvania,
Delaware,
Maryland,
District of Columbia,
Virginia,
West Virginia,
Georgia,
North Carolina,
South Carolina,
Alabama,
Mississippi,
Florida,

Louisiana,
Texas,
Tennessee,
Kentucky,
Ohio,
Indiana,
Illinois,
Michigan,
Wisconsin,
Minnesota,
North Dakota,
South Dakota,
Montana,
Washington,
Wyoming,
Colorado,
Missouri,
Kansas,
Arkansas,
Nebraska,
Oklahoma,
Iowa,
California,
Canada,
Cuba,
Bermuda.

Philadelphia, April 17th, 1914.

Q. Did you at my request collaborate with Mr. W. C. Johnson, Comptroller of the Lehigh and Wilkes-Barre Coal Company, in a joint statement of the tonnage of anthracite coal marketed at competitive points by the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company respectively during the year ending December 31st, 1913? A. Yes, sir.

Q. Are you the authority for the column showing distribution of the Philadelphia and Reading Coal and Iron Company on that statement? A. Yes, sir.

Q. I assume that there is a great variety in this distribution of tonnage from year to year? A. Yes, sir; it varies every year. That is a normal year.

Statement marked "Defendant's Exhibit No. 12, as follows:—

DEFENDANT'S EXHIBIT No. 12.

Tonnage of Anthracite Coal Marketed at Competitive Points by the Lehigh and Wilkes-Barre Coal Company and The Philadelphia and Reading Coal and Iron Company, respectively, during year ending December 31st, 1913.

TIDE WATER POINTS.

Name.	L. & W. B. Coal Co.	P. & R. C. & I. Co.
Boothbay Harbor and East Boothbay, Maine.	3,800	156
Ellsworth, Maine.	129	1,555
Portland, Maine.	14,537	164,996
Rockland, Maine.	512	9,400
Total.	18,978	176,107
Portsmouth, New Hampshire.	2,982	71,520
Total.	2,982	71,520
Beverly, Massachusetts.	954	7,510
Boston, Massachusetts.	111,956	357,319
Cambridgeport, Massachusetts. . .	11,719	5,733
Danversport, Massachussetts.	1,252	3,604
Dorchester, Massachusetts.	2,667	8,580
East Braintree, Massachusetts. . . .	3,842	5,888
Fall River, Massachusetts.	5,889	39,710
Gloucester, Massachusetts.	4,388	22,392
Lynn, Massachusetts.	13,981	53,038
Marblehead, Massachusetts.	1,011	9,713

Marion, Massachusetts.	1,282	579
Nantucket, Massachusetts.	336	400
New Bedford, Massachusetts. . . .	2,943	39,294
Newburyport, Massachusetts. . . .	13,340	20,305
Provincetown, Massachusetts. . . .	293	1,820
Quincy Point, Massachusetts. . . .	11,961	13,378
Somerville, Massachusetts.	1,963	7,779
Taunton, Massachusetts.	1,884	916
Total.	191,661	597,958
Bristol, Rhode Island	1,276	7,737
Newport, Rhode Island.	21,125	16,893
Pawtucket, Rhode Island.	2,694	6,006
Providence, Rhode Island.	38,043	28,628
Westerly, Rhode Island.	5,248	2,147
Total.	68,386	61,411
Bridgeport, Connecticut.	616	28,393
Hartford, Connecticut.	4,011	32,049
Middletown, Connecticut.	1,646	608
New Haven, Connecticut.	4,144	26,159
Norwich, Connecticut.	6,616	7,098
Norwalk, Connecticut.	5,836	817
Riverside, Connecticut.	88	123
Shelton, Connecticut.	906	9,934
Total.	23,863	105,181
Brooklyn, New York.	304,885	297,782
City Island, New York.	1,148	855
Coney Island, New York.	5,225	396
Long Island, New York.	81,003	31,256
New York, New York.	446,201	347,816
New Rochelle, New York.	5,127	15,416
Peekskill, New York.	4,068	914
Pt. Chester, New York.	3,471	738
Rockaway Beach, New York. . . .	1,815	8,588

Staten Island, New York.....	25,872	4,979
West Chester, New York.....	10,320	3,025
West Farms, New York.....	855	1,089
Yonkers, New York.....	4,332	1,829
Total.....	894,322	714,683
Newark, New Jersey.....	3,203	699
New Brunswick, Foreign.....	14,523	5,094
Quebec, Foreign.....	7,982	154
Total.....	22,505	5,248
Total Tide points.....	1,225,900	1,732,807

EASTERN DEPOTS.

Belmont, New Hampshire.....	16	120
Concord, New Hampshire.....	65	1,074
Derry, New Hampshire.....	229	164
Nashua, New Hampshire.....	399	372
Plaistow, New Hampshire.....	24	237
Salem Depot, New Hampshire....	113	309
Sundry Towns, New Hampshire..	106	479
Total.....	952	2,745
Lyndonville, Vermont.....	16	92
Wells River, Vermont.....	171	197
Total.....	187	289
Amesbury, Massachusetts.....	46	1,191
Andover, Massachusetts.....	183	2,265
Bradford, Massachusetts.....	135	1,494
Boston, Massachusetts.....	13,261	1,259
Danvers, Massachusetts.....	527	189

Gloucester, Massachusetts.	111	497
Haverhill, Massachusetts.	65	19,578
Ipswich, Massachusetts.	2,082	1,670
Lawrence, Massachusetts.	22,579	13,807
Lowell, Massachusetts.	309	11,743
Methuen, Massachusetts.....	1,006	990
Marblehead, Massachusetts.	42	299
No. Andover, Massachusetts.....	1,381	298
Rowley, Massachusetts.	55	489
Reading, Massachusetts.	22	1,283
Revere, Massachusetts.	41	446
Salem, Massachusetts.	35,366	881
Swampscott, Massachusetts.	45	222
Topsfield, Massachusetts.	1,144	102
Wakefield, Massachusetts.	499	2,150
Waltham, Massachusetts.	20	1,606
Waverly, Massachusetts.	221	1,369
Woburn, Massachusetts.	21	1,579
Total.	79,161	65,407
Total Eastern Depots.....	80,300	68,441

VIA RAIL.

BOSTON AND MAINE R. R.

Massachusetts.

Arlington Heights.	87	337
Waltham.	74	385
Winchendon.	423	854
	584	1,476

CENTRAL VERMONT RAILROAD.

Vermont.

Montpelier.....	423	499

RUTLAND RAILROAD.

New York.

New Lebanon	244	40

BOSTON AND ALBANY RAILROAD.

Massachusetts.

Adams	2,074	1,309
Athol	1,743	382
Barre	35	372
Brighton	627	4,762
Brookfield	994	183
Brookline	131	192
Cambridge	879	298
Dalton	2,328	281
Gilbertville	276	999
Holliston	1,343	81
Indian Orchard	2,068	303
Mittineague	146	504
Newton Centre	7,242	1,366
Newton Lower Falls	1,820	681
Newton Upper Falls	2,220	419
West Newton	705	4,220
Palmer	929	39
Richmond Furnace	90	48
Spencer	2,064	205
Turners Falls	493	30
Ware	675	861
Warren	2,188	192
Wellesley	5,282	1,446
	36,360	19,173

NEW YORK.

Canaan	121	118
Claverack	28	71
	149	189

N. Y. N. H. & HARTFORD RAILROAD.

Massachusetts.

Attleboro. . .	5,767	2,730
Ashland. . .	1,934	99
Armory. . .	9,983	1,852
Abington. . .	321	1,610
Blackstone. . .	1,171	536
Braintree. . .	216	2,226
Bridgewater. . .	1,533	149
Brockton . . .	1,910	9,159
Boston. . .	3,093	1,722
Campello. . .	3,948	3,075
Chatham. . .	72	1,785
Canton Junction. . .	27	810
Clinton. . .	715	622
Cohasset. . .	1,212	518
Congamond. . .	28	57
Deerfield. . .	26	276
Duxbury. . .	1,108	66
East Hampton. . .	687	1,115
Framingham. . .	476	1,240
Franklin. . .	2,520	135
Fairmount. . .	6,243	399
Fall River. . .	182	1,771
Fitchburg. . .	6,030	1,526
Foxboro. . .	1,598	560
Forest Hills. . .	2,978	2,135
Florence. . .	1,630	1,316
Gt. Barrington. . .	2,129	1,281
Grafton. . .	2,567	36
Hatfield . . .	550	530
Haydenville. . .	261	22
Hingham. . .	183	503
Holyoke. . .	2,180	4,685
Hopkinton. . .	113	165
Housatonic. . .	638	110
Hopedale. . .	4,137	59
Lenox. . .	2,791	86

Lenoxdale	4,521	791
Lee	1,482	80
Leominster	5,211	1,789
Lowell	39,335	647
Long Meadow	147	107
Marlboro	1,906	579
Mansfield	2,347	309
Medway	289	212
Medfield	275	181
Middleboro	2,960	953
Melford	2,612	438
Montello	982	4,085
Mellville	701	75
Needham	1,071	268
Northampton	5,332	498
Norwood	6,978	1,934
Northboro	1,706	43
Northbridge	36	37
Orleans	87	614
Oxford	758	163
Pittsfield	28,868	4,876
Provincetown	150	1,718
Quincy	1,084	2,489
Quincy Adams	280	1,582
Randolph	697	1,527
Readville	10,312	1,256
Rockland	1,146	5,822
Roxbury	773	489
Sharon Heights	67	120
Springfield	15,510	13,034
Sheffield	161	498
Shelburne Falls	196	28
South Denis	28	202
Stockbridge	127	940
Southboro	99	422
Southbridge	1,460	581
Stoughton	3,911	2,256
Sudbury	27	38
Uxbridge	486	37

Walpole	912	168
Webster	1,675	704
Westfield	7,408	2,922
Weymouth	1,186	3,807
Williamsburg	77	59
Whitman	1,273	3,571
Worcester	34,621	12,044
	262,227	120,019

Connecticut.

Ansonia	421	854
Bantam	23	322
Berlin	200	361
Bristol	4,874	1,352
Brookfield	27	279
Bolton	29	142
Canaan	272	607
Chestnut Hill	156	28
Central Village	449	50
Cheshire	45	76
Clinton	25	28
Danielson	2,178	837
Danbury	3,849	1,304
East Lynne	38	322
East River	64	29
Elmwood	25	96
East Windsor Hills	84	59
Farmington	872	428
Fairfield	114	57
Granby	71	114
Greenwich	1,115	86
Hartford	11,071	21,593
Hazardville	665	154
Litchfield	1,432	111
Manchester	2,280	8,374
Meriden	4,954	3,850
Mt. Carmel	163	104

Middlefield	794	63
Milford	270	225
Mooscup	53	192
New Britain	4,973	7,807
New Canaan	6,069	519
New Hartford	87	94
New Milford	410	132
Naugatuck	309	108
Norwich	666	361
Noroton	68	66
Norfolk	239	174
Norwalk	227	808
New Haven	4,337	1,146
Orange	134	58
Plainville	462	986
Plantsville	1,428	784
Plainfield	208	78
Putnam	3,877	341
Quinnebaug	270	156
Ridgefield	129	1,842
Riverside	138	43
Rocky Hill	162	110
Rockville	1,236	2,872
Stanford	253	29
Shelton	37	356
Seymour	1,061	447
Simsbury	323	1,009
Sound Beach	1,859	427
Southport	547	164
Southington	344	808
Suffield	142	110
Tompsonville	2,372	534
Thomaston	1,198	493
Torrington	3,926	5,227
Unionville	546	1,294
Waterbury	8,696	11,390
Waterville	794	1,210
Wallingford	4,381	769
Washington	151	592

Warehouse Point.	45	441
Watertown	402	419
Westport.	39	28
Windsor.	809	632
Winsted	2,529	517
Willimantic.	3,122	460
Windsor Locks	624	293
Yatesville.	1,271	257
	97,513	88,488

New York.

Name.	L. & W. B. Coal Co.	P. & R. C. & I. Co.
Harrison	132	260
Larchmont Manor	178	847
Mamoroneck	363	200
New Rochelle.	2,412	2,416
Pelham Manor	85	27
Pt. Chester.	263	71
Poughkeepsie	9,850	292
Rye.	693	575
Valhalla	532	1,229
	14,508	5,917

Rhode Island.

Name.	L. & W. B. Coal Co.	P. & R. C. & I. Co.
Harrisonville.	84	72
Lonsdale	985	749
Olneyville	8,023	3,974
Providence.	3,458	757
Valley Falls	987	382
Westerly.	37	85
Wickford	27	106
Woonsocket.	4,965	4,304
	18,566	10,429

NEW YORK CENTRAL AND HUDSON RIVER RAILWAY.

New York.

Name.	L. & W. B. Coal Co.	P. & R. C. & I. Co.
Ardsley	1,533	753
Brewster	189	1,828
Bronxville	111	28
Carmel	942	1,291
Croton Falls	645	29
Dover Plains	49	58
Fordham	124	454
Hawthorne	266	70
Irvington	139	171
Katonah	885	30
Millerton	38	27
Mt. Kisco	2,956	28
Mt. Vernon	14,786	373
Pleasantville	4,891	142
Spuyten Duyvil	333	378
Tarrytown	134	139
White Plains	794	1,397
Williams Bridge	1,164	720
Woodlawn	3,386	3,302
	33,365	11,218

RHODE ISLAND RAILROAD.

Rhode Island.

Wakefield	219	707

STATEN ISLAND RAPID TRANSIT RAILWAY.

New York.

Dongan Mills	37	3,490
Elm Park	340	760
Grassomere	302	876
Great Kills	96	26
Mariner's Harbor	396	1,479
New Dorp	75	1,210
Pleasant Plains	1,532	608
Princess Bay	792	29
Pt. Ivory	231	410
Pt. Richmond	81	328
Thompsonville	37	27
Tottenville	452	3,245
	4,371	12,497

CENTRAL R. R. OF NEW ENGLAND.

Connecticut.

Bloomfield	85	270
Collinsville	994	2,048
Salisbury	146	50
Tariffville	593	29
	1,818	2,397

New York.

Pine Plains	349	161
Red Hook	886	1,313
	1,235	1,474

PENNSYLVANIA RAILROAD.

Princeton	545	2,322

CANADA EAST (RAIL)

Quebec.

Ottawa	4,740	3,848
Angus Shops	326	1,048
Joliette	29	935
Montreal	818	10,201
Mile End	444	4,958
St. Henri	232	741
Westmont	69	1,129
	6,658	22,860

P. & R. SYSTEM.

Glenside, Pa.	1,990	5,358
Camden, N. J. L. & W. B. via Penna. R. R.	5,017	7,611
Atlantic City, N. J. via Penna R. R.	3,549	27,284
Hopewell, N. J.	72	1,612
	10,628	41,865

N. Y. AND LONG BRANCH DIV. C. R. R.

Asbury Park	16,013	4,337
Belmar	3,047	1,642
Little Silver	672	1,014
Long Branch	13,045	458
Red Bank	1,929	1,817
Spring Lake	935	892
Bay Way	4,558	99,199
	40,199	109,359
Total via Rail	529,612	450,929

SUMMARY.

Tide Points	1,225,900	1,732,807
Eastern Depots	80,300	68,441
Via Rail	529,612	450,929
Grand Total	1,835,812	2,252,177

Cross examination.

By MR. KINGSBURY:

Q. In what manner does the Philadelphia and Reading Railway Company pay the Coal Company for the coal which you sell to the Railway Company? A. Settle in account each month—monthly settlements.

Q. That is, there are cross charges? A. Yes, sir.

Q. You pay the Railway Company for freight? A. For tolls, and deduct the coal bills they have, or any other bills. We settle the books.

Q. Which way is the balance usually? A. In favor of the Railway Company.

Q. That is, you are always paying the Railway Company? A. Yes, sir. Our freight and tolls, of course, is the largest item.

Q. And these balances are struck monthly? A. They are struck monthly.

Q. And settlement made monthly? A. Settlement made monthly; yes, sir.

Q. That is to say, at a given day in each month the balance is struck, and, as you say, there is always a balance in favor of the Railway Company? A. Yes, sir.

Q. Do you pay that immediately to the Railway Company? A. We generally take thirty to sixty days probably. At present we have paid everything we owe up to March. Of course, it takes thirty days probably to get the accounts in shape.

Q. Mr. Baer is president of the Coal Company, is he not? A. Yes, sir.

Q. Is he active in its direction? A. In what way?

Q. In any way? A. He is president, and has charge of everything.

Q. And he does actively direct your operations? A. Yes, sir.

Q. Does the Coal Company pay any dividends? A. No, sir.

Q. Has it ever paid a dividend that you know of? A. Never.

Q. I notice from the comparative statement of operations for the years 1898 to 1913, inclusive, you show in each year a profit in operating. What is done with that profit? A. That is the profit applicable to our fixed charges, our interest.

Q. Is it sufficient in every year to pay your fixed charges? A. It pays the interest on our bonds and also an amount to the Reading Company.

Q. What for? A. Interest on our book account, seventy-two million.

Q. Is that amount being gradually reduced, or does it continue about the same, or is it being gradually increased? A. It continues about the same. It is being gradually reduced, if anything, but very little reduction.

Q. But very little reduction in these years, 1908 to 1913? A. Yes, sir.

Q. In the statement which you have put in evidence showing the amount of tonnage distributed annually by your company from New York harbor I see that the average percentage so distributed is between twelve and thirteen per cent. Is that the largest per centage distributd by your company in any one market? A. I do not understand what you mean by "any one market"?

Q. For example, you show for the year 1913, 11.14 per cent. of your whole amount marketed as having been distributed from New York harbor. Is there any other single point of distribution at which you distribute an equally large percentage? A. We distribute along the line of the railroad company.

Q. I ask you any one single point of distribution? Is there any other one as large in proportion as New York harbor? A. Not that I can remember; no. No.

Q. How about Philadelphia? A. The total coal distributed from Philadelphia for the calendar year ending December 31st, 1913, was 2,287,983 tons, or 25.1 per

cent. of the total, 9,115,715 tons marketed by the Philadelphia and Reading Coal and Iron Company.

Q. Aside from New York and Philadelphia, there is no one distributing point that is anywhere near as large an amount is there? A. I do not think there is; no.

Q. Do you happen to know approximately how much unmined tonnage your company now owns or controls? A. No, sir.

Q. Do you know whether your company has in its record anywhere any estimate of such unmined tonnage? A. Not in this office, or anywheres else that I know of. I would refer that to the operating department. That is outside of my jurisdiction entirely.

Q. Explain just what this means in your statement of cost of operation? You state in one column "Cost per ton mined by the company," and in another column, "Cost per ton mined and purchased," and then, "Cost per ton of coal sold." What do you mean by "Cost per ton of coal sold" as distinguished from "Cost of coal mined," and "Cost of coal mined and purchased"? A. In no year do we sell all of our production. Sometimes we sell more than our production, and, in other years we sell less than our production, so the value of our coal added to our stock unsold, or taken from our stock and sold is taken from or added to the cost per ton in order to find the cost of the coal we sell.

Q. That is to say that the cost per ton of coal is based not only on the cost of that particular year, but may also include as a factor the cost of coal mined or purchased in a preceding year? A. Yes, sir.

Q. But not sold until the year in question? A. Yes, sir; that is the fact. That is the only way we can find the profit accruing each year.

By Mr. Reynolds:

Q. Does it also include the selling cost? A. Yes, sir. All the expenses in connection with it.

By Mr. Kingsbury:

Q. Can you explain this: Between 1912 and 1913 there seems to have been a decrease of some four to five cents a ton both in the cost of coal mined and the cost of coal purchased, but an increase of about the same amount on

cost of coal sold? A. I can give you a memorandum of that. There is the basis for last year. Included in our receipts are probably the higher priced coals.

Q. I was not asking about the receipts. I was asking about the cost of coal sold. I do not understand that. I want to know if you can explain both what it means and how that result was reached? A. On the statement is the value of our coal sold. The coal we added to stock was lower price coal or smaller size, pea, buckwheat and rice. The larger price sold included in our receipts are shown. So that the coal that is left behind and added to our stock was the lower price coal, which increased the cost.

Q. That is, you carried over to the following year a considerable amount of your lower price coal? A. Yes, sir.

(The witness produced the following statement as part of his answer to this question):—

THE PHILADELPHIA AND READING COAL AND IRON COMPANY STATEMENT OF BUSINESS FOR THE YEAR ENDED JUNE 30TH, 1913.

	Tons.	Amount.	Ave. Per Ton.
Cost of coal mined	11,089,743	26,071,916.71	2.351
Cost of coal purchased.	524,574	1,308,665.45	2.495
Total mined and purchased	11,614,317	27,380,582.16	2.357
Less value of coal to stock.	865,714	1,676,544.93	1.937
Net receipts from coal sold.	10,748,603	29,399,592.43	2.735
Cost of coal sold	10,748,603	25,704,037.23	2.391
Profit of coal department.		3,695,555.20	.344
Miscellaneous Receipts.		91,363.14	.008
Profit in operating		3,786,918.34	.352

Philadelphia, April 1st, 1914.

Q. How do you explain the fact that your average profit in operation in 1913 was more than nearly three times the profit in the year 1912? A. Our cost is materially reduced by the large quantity of coal mined. If our collieries were capable of running every day to their full capacity in mining our regular portion of tonnage, our cost per ton would be very materially reduced.

Q. Another contributing factor was that you received some twenty-five cents a ton more than you did the preceding year? A. Yes, sir. Our sales are better.

Q. That means not greater in amount, but that you got a much higher average price, does it not? A. Yes, sir.

Q. Is it a fact that there was sometime in 1912 or 1913 an increase of about twenty-five cents per ton in the wholesale price of your coal? A. I do not remember whether there was or not. I could tell by our circulars.

Q. Will you ascertain that and add that to your answer? A. I will do so.

The witness furnished the following in answer to this question:—

Increase in price on June 1912 Circular on Line and City Trade.

Stove coal	25 cents
Chestnut coal	15 cents
Pea coal	50 cents

On shipments from Port Richmond, Philadelphia, and from New York Harbor.

Broken, Egg, Stove and Chestnut coal an Increase of 25 cents per ton.

Q. At the same time there was an actual decrease in the average cost per ton of your coal in 1913? A. Yes, sir.

By Mr. Reynolds:

Q. I understand you to say, the average cost per ton would naturally go down, in your judgment, with the increased production? A. Yes, sir.

Q. Would the average price realized be very greatly influenced by the higher proportion of prepared sizes sold in any given period? A. Yes, sir.

By Mr. Kingsbury:

Q. In fixing this figure of average cost per ton of coal mined by the company just what factors are taken into consideration? Do you know that, or is that simply prepared for you? A. I know the cost of labor and materials, the expense of selling the article, and every expense in connection with the business and operations of the company.

Q. That is to say, you took all the expenses of the production and divided that by the number of tons of coal you mined, and the result is the average cost per ton? A. Yes, sir. The total tons divided into the total cost.

By Mr. Reynolds:

Q. The suspension in 1912 was in April and May, was it not? A. Yes, sir.

Q. It lasted until the 25th of May, did it not? A. I think it did; yes, sir.

Q. Had you accumulated temporarily a large proportion of small sizes prior to that time in storage? A. I could not say.

W. J. Richards, having been duly sworn, was examined as follows:—

By Mr. Reynolds:

Q. What is your position, and with what company? A. I am the general manager of the Philadelphia and Reading Coal and Iron Company.

Q. Are you also vice-president? A. Yes, sir.

Q. You testified in the old Reading suit, did you not? A. Yes, sir.

Mr. Reynolds:—At this point I offer in evidence excerpts from Mr. Richard's testimony in the old suit, April 20th, 1909.

Testimony of William J. Richards, a witness called by the defendants in the old suit, April 28th, 1909. (Volume IV, page 682.)

WILLIAM J. RICHARDS, a witness called on behalf of the Philadelphia and Reading Coal and Iron Company, having been duly sworn, was examined and testified as follows:—

By JUDGE CAMPBELL:

Q. What is your profession? A. Mining engineer.

Q. Kindly give a brief general outline of your experience as a mining engineer. A. I went with the Reading Coal and Iron Company in their engineering department in 1882. I remained with them in that department until 1887. I was then one year with the Susquehanna Coal Company at Shamokin. In 1888 I returned to the Reading Coal and Iron Company and was with them until 1889 at Ashland, Schuylkill County. Then I went with the Lehigh and Wilkes-Barre Coal Company as mining engineer, and was with them until 1898 as mining and chief engineer. In 1898 I was made general superintendent of the Lehigh and Wilkes-Barre Coal Company, and held that position until 1903. In 1903 I became general manager of the Philadelphia and Reading Coal and Iron Company in charge of the mining department. In 1904 I was made second vice-president, and in 1907 I was made first vice-president of the Reading Coal and Iron Company.

Q. In charge in each instance of the mining department? A. Yes, sir; of the mining.

Q. Kindly give a brief general description of the several anthracite fields which have come under your observation and their special characteristics. A. I made a statement covering briefly my ideas on that. Shall I read that?

Q. I will ask you a few preliminary questions. I wish to call your attention to that Ruley map, which has been offered in evidence. You are familiar with it? A. Yes, sir.

Q. I understand this map to have been prepared under the direction of the Geological Survey? A. The Pennsylvania State Geological Survey.

Q. The nomenclature describing the various divisions differs somewhat from our trade names, does it not? A. Yes, sir. Generally under the Geological Survey the fields are known as the Northern, Eastern and Western Middle, and Southern, whereas we know it generally in the trade as the Wyoming, the Lehigh and the Schuylkill.

Q. The Wyoming Field, I take it, includes the Northern Field, so-called? A. The Wyoming includes the Northern Field.

Q. Which is in Luzerne and Lackawanna counties? A. Luzerne and Lackawanna counties.

Q. The Lehigh Field, as you know it in the trade, consists of what? A. The Lehigh Field consists of the territory adjacent to Hazleton.

Q. Apparently in the middle on the face of the map? A. Yes, sir. It is composed of a number of small basins there, and generally the eastern end of the extreme Southern Field is classified with the Lehigh Region.

Q. That part lying east of the Little Schuylkill River, I take it, the Panther Creek Region, and so forth? A. Yes, sir.

Q. Which is an extension of the Schuylkill Field? A. Yes, sir.

Q. I mean geographically, not geologically altogether. A. Yes.

Q. The regions in the northern part of Schuylkill county extending northwestward to Northumberland shown on this map are marked on the map as the "Western Middle" and "Eastern Middle?" A. Yes, sir.

Q. Now you may proceed, if you please, to place in the record such parts of the statement you say you have prepared as will express your understanding, possibly subject to some interruption to inquire for elaboration and detail. A. I have some remarks on the different fields. Do you want me to read that?

Q. Yes. I just simply wanted you to explain the differ-

ence of the terminology employed by the different witnesses. A. The region producing anthracite coal has a total area of about four hundred and eighty-four square miles. It is divided geologically and geographically into three fields. The first is known as the Northern or Wyoming Field. The Wyoming is a basin about sixty miles long and about six miles wide at its greatest distance across. The principal companies operating within it are the Delaware, Lackawanna and Western, Delaware and Hudson, Pennsylvania Coal Company, Lehigh and Wilkes-Barre Coal Company, Lehigh Valley and the Ontario and Western. Here the coal at the deepest point in the basin reaches a distance of two thousand three hundred feet below the surface. The second field or sub-division is the Lehigh. It is made up of a number of small basins of not very great depth. The measures are of varying inclinations, running from nearly flat to very steep pitches. The third field or sub-division is called the Southern or Schuylkill. The Schuylkill starts near Mauch Chunk on the east.

Q. That is on the Lehigh River? A. Yes, sir. The Schuylkill starts near Mauch Chunk on the east and is very much in the shape of the letter "A," with Mauch Chunk at the apex and Treverton and Lykens at the end of either leg. The Southern Field contains the greatest variety of coal, greater probably than all the other fields combined. It is from this field that the Lykens coals come. That coal is produced on the western end of the Schuylkill Field and is a coal that is not bright but dull in lustre, and is a product of the veins lying geologically lowest in the whole series. That is, this Lykens coal is produced from those veins that are the lowest in the series. In what we call the Lykens region there are four veins producing this coal. The Lorberry, Schuylkill Red Ash, Free and Hard White Ash, Locust Mountain, Shamokin and Franklin coals are all produced in this region.

Q. Now, if you please, go on and describe the various processes of opening mines, the obstacles to be overcome and the purposes to be accomplished. A. The first study

in preparation for the opening of a mine is the geology of the territory and the tract. In the bituminous fields of the eastern portions of the United States the coal lies horizontal, or nearly so. The veins are almost uniform as to texture, contents and quality; that is, a vein fairly proven can be depended upon to continue for reasonable distances to be of similar inclination, quality and thickness. In the anthracite field it is entirely different. Especially is it true of the Southern Field. The veins run from horizontal to vertical. I will just state that the remarks that I am making now are applying particularly to the Southern Field. In some cases the same vein in a comparative limited territory will have all these pitches; that is, starting at the horizontal, it passes on to the vertical. In thickness we have veins from one foot to fifty feet and over. At this time no veins one foot thick are being mined. The lower limit of profitable mining on a pitch where coal will run to the loading point is about three feet, while in flat workings, where the car must be taken to the working face, a profitable business cannot be one on much less than four feet. In vein contents we have the same range from veins that contain but few impurities to veins that contain a large proportion of refuse.

It can be readily understood that with the geological conditions described the production of seventy million tons of coal per year requires the most constant activity on the part of the producer to keep openings ahead sufficient to produce and supply the needs of the market. Seventy million tons annually mean the exhaustion of seventy thousand foot acres of coal per year. It means the shipment of nearly three million railroad cars.

To open up a well-equipped colliery will require almost five years of time and cost nearly or quite a million dollars. All this must be expended before a dollar of return can be expected.

To provide for this great output and to continue to provide for the future business the whole anthracite region is being constantly studied. Territory not fully explored is being searched over by the geologist and engineer. The

area containing anthracite is fully known and its boundaries have been definitely determined.

Within this known area, however, are many tracts that have not been fully developed, and many of the veins in areas of considerable extent especially in the Schuylkill region, have yet to be proven. The changeable character of many of these veins makes them a workable and desirable quantity in one locality, but absolutely worthless in other places, due either to a thinning of the veins or to a change in the texture, whereby rock or other worthless material crushes out the coal. The variableness of the veins is what makes the great commercial risk in mining, which is greater vastly than in the bituminous mining, or than offers in any other line of production. All this doubt and changeability means expense to the producer.

Development.

The first problem is the development of the property. Before undertaking the work, investigations are made sufficient to determine the presence of coal of such quality and thickness as the experience of the operator leads him to believe will provide a tonnage in such quantities as will make the venture a reasonable one. The operator understands that he is dealing with veins that may close or that the hidden dangers inherent in the coal may bring disaster at any time. In most cases the best obtainable data can be but a guess of what the mining is actually to meet.

Veins that looked well at the outcrop or in the provings may have a changed appearance to the operator when fully opened by the gangways or after the product is exposed to the criticisms of a hard market.

In the Schuylkill Field we have a shaft sunk, and are mining coal at a depth of over eighteen hundred feet, and comparatively little coal is now left for the opening of new collieries or the making of new operations that will be secured at a less depth than one thousand feet.

The continuance of mining, exhausting, as is being done

the deposits by seventy million tons each year, will require that the deeper coals must be relied upon more and more, thus adding to the problems of roof support and protection of the passages. Heavier timbers, steel or masonry, will be required to provide for the safety of the employees and the mine. The greater depth finds greater quantities of gas given off, requiring larger quantities of air to dilute the gas and render the mine fit and safe for the workmen. There are mines now supplied with half a million cubic feet of air per minute to keep the passages safe and properly ventilated. As we go deeper in the earth, the veins are generally found to be more disturbed by the greater convulsions that took place when the coal and its encrusting materials were created.

Mining.

The operator having opened the coal now meets the problem of how best to make it workable; how to mine it with the greatest safety to his employees, and for the largest possible return for the investment already made in the project, as well as for the best production for the market. In these days of "conservation of resources" the operator is required to be mindful of the fact that he is taking from the ground something that cannot be reproduced, and that the ton of coal once mined is gone forever.

If the veins are fairly thick and free from refuse the operator has clear sailing. Thin veins or very thick veins, or veins containing considerable refuse introduces severe conditions requiring other methods. Most frequently the operator meets the constantly-changing conditions. A deadly enemy is the mine gas, always ready to take advantage of any mistakes on the part of the workmen. It is constantly dreaded, watched and must be provided against. Again, we have veins that are free and veins that are of solid texture. The treatment in each case must be that best suited for the particular condition.

Transportation.

As the mine grows in extent the transportation of the product becomes a great problem. Formerly, and still largely used, is the mine mule as a source of motive power. But the demands of the times and the economic laws of the age require other surer and cheaper power, so he is now giving way to the electric and compressed air locomotive. To make air available the locomotives using that power have a capacity of storing it at a pressure exceeding, in some cases, one thousand pounds, so that it may be carried in the smallest bulk. The perfecting of electricity has been a great help to our transportation. In gaseous mines electricity cannot be used extensively because of the danger of ignition from it. The immensity of the transportation in our mines can best be made apparent when it is considered for a moment that the coal traffic, which apparently taxes the capacity of our great railroads with their great engines and their cars, originates in the mines, where it is transported through narrow passages, over narrow-guage tracks, in small cars, averaging not over two and one-half tons each and by mules or locomotives that appear like toys when compared to the monster locomotives of the surface railroads.

Pumping.

The extension of the workings and their connection with the surface and hidden springs brings into the mine vast quantities of water, which must be kept constantly pumped to the surface so as to free the mine. For no instant can it be neglected. The pumps must always be ready for continuous operation. There are periods of "heavy water" when every resource is strained; when the production of coal is suspended and all the steam generating capacity of the colliery and all the pumps must operate on water alone. In times past collieries were abandoned because of inability to cope with the

953

water in the mine. Of recent years pumps of greater power and capacity and of high efficiency are being installed, with the result that the water problem is being better handled.

At the mines of our company we are to-day pumping five hundred thousand tons of water, or nearly twelve tons of water for every ton of coal produced. The average lift is about seven hundred and fifty feet. This great problem can be appreciated when single pumps are now installed that have a capacity to lift three thousand gallons one thousand feet in height in a minute of time. Formerly steam pipes entered the mines through the slopes or shafts, but now separate bore holes are drilled into the mines that the steam may be taken into the mine with greater economy and safety.

Maintenance.

As the gangways and passages of the mine extend, the maintenance becomes a most serious problem. Iron and masonry are being used for supports where practicable, but great dependence must still be placed on timber and wooden construction for the support of the sides and roof of the passage and traveling ways. There is a bending and elasticity about wooden beams that make them desirable material for use in mines where squeezing is liable to occur. The increasing cost of all wood products is a matter that all are familiar with.

For several years we have been carrying on a series of experiments to determine the lasting qualities of timber treated artificially with creosote, zinc chloride, or salt. Our experiments have progressed far enough to satisfy us that it is a good thing to do. We have just completed a plant to do this work on a large scale. By this means we hope to break the force, in some measure, of an item of expense that is growing rapidly, due to the higher price of the article, as well as its greater consumption, due to the deeper mining.

PREPARATION.

The veins of coal as they were created in the earth are interstratified with layers of bone and slate. In the mining every effort is made to remove the impurities. To supplement this, great buildings called breakers are a part of the equipment of every mine. The product coming from the mine is dumped into the breaker, where it is put through a rigid system of examination, cleaning and screening, with the end that all objectionable matter may be eliminated, and that each particle of coal may be placed in the class to which its size entitles it. At times certain of the larger sizes cannot be marketed At such periods the large coals are broken by rolls into the smaller and, for the time being, salable sizes.

The demand for so many sizes is another great tax on the producer, as in the course of preparation a great deal of breakage and wastage occurs. The sizes that must bear the burden of cost are what are known as prepared sizes. Anthracite coal is now being prepared in twelve sizes, the steam coals being up to this time regarded as a by-product and being sold for less than cost.

The market demanding extreme preparation can work great loss to the producer and will result in limiting the output and ultimate quantity of coal fit for market.

All coals do not have the shiny lustre. Many of the best coals are dull and dark. Many times have superior coals been condemned because of their looks, when an unprejudiced trial would have shown that a splendid article was being rejected.

Q. I wish you would give some description of the general character and quality of the several grades of anthracite coal in the territory operated by the Reading Coal and Iron Company, and the locations of the lands from which they were derived. Geologically, I understand that there is a progressive change in the quality and characteristics of the coal lying in the western end as you pass to the eastward, and still more as you come finally toward the end of the lower Lehigh region called

Mauch Chunk. A. Starting at the western end of the Southern Field, or the Southern prong of the "A," we have the Lykens coals. They are produced from the four veins lowest geologically in the measures. Passing to the east we have the White Ash. The White Ash measures are the measures next above the four veins that I have spoken of. Coming to the east, the next grade of coal we have is the Lorberry. This is a free burning and soft coal. I do not mean to say soft in the understanding of bituminous coal, but soft from an anthracite standpoint. Then, as we pass still further east we strike what are known as the free-burning White Ash measures. Those free-burning White Ash measures extend from the neighborhood of Branchdale through to Silver Creek, which is almost to Tamaqua. Then, passing on still further in the neighborhood of Tamaqua and east of that we come to the hard White Ash measures. I might add that in the neighborhood of Minersville we are mining what is called the Schuylkill Red Ash. The Schuylkill Red Ash coal is the coal mined from the upper veins. The Schuylkill Red Ash is the product from the upper veins, geologically, and the veins underneath the Schuylkill Red Ash are White Ash. Then, passing through Mahanoy City we have the hard White Ash measures.

Q. You are going to the westward on the Northern leg? A. Traveling to the westward on the Northern leg. These are White Ash measures extending to the vicinity of Ashland. From Ashland to Mount Carmel we have again the free-burning White Ash measures, corresponding to the same coals in the Southern Schuylkill. As we travel to Shamokin, we have the Shamokin coal, which is White Ash again. Traveling on to Trevorton, at the extreme end of the Northern leg, we have the Franklin coals, which is an extremely soft coal for anthracite, and free burning.

Q. You began in the Lykens Field by stating that the coal consists of the four veins lying lowest geologically. As you came eastward you did not compare the upper or workable veins in the various other regions. Will you

mention that, because we want to avoid coming back to it? A. I do not know that we could sum it up in the number of veins. We have territories where certain veins are workable, and passing on a short distance those same veins become worthless, so that there is no way that I know that we could sum it up in the number of veins. I might also add that in these four Lykens veins I referred to, they are worked at Lincoln colliery. Over at Brookside there are only two, and when you get to Good Spring there is only one there that is workable.

Q. To conduct the operations of the Philadelphia and Reading Coal and Iron Company I will thank you to give us some idea of the extent of the operating staff of officers and employees, including mining engineers, electrical engineers, mechanical engineers, and other professional men, and also including the clerks at the collieries. That is, excluding the men working in the mines or in the breakers. A. This statement was made off of our roll. In our Engineering Department we have a staff of ninety-eight men; that is, including our engineers and men of various grades in our engineering department. In our Mining Department: Superintendents, heads of our building departments, coal inspectors, heads of our machinery departments, and clerks in that department, we have one hundred and seventeen. That includes men of all grades, all the way down, including everybody. In our supply department we have thirty-one. In our machinery department, which is made up of our shops, we have thirty men. The land department, we have thirty men. In our paymaster's department we have thirty-two men. At the collieries we have one hundred and eighty-nine clerks.

Q. None of those numbers include the operatives, so-called—for instance, those in the shops? A. No, sir.

Q. I would like to have you give us the elements of the cost of producing anthracite coal and placing it in the cars at the breakers in a period from November, 1900, to May, 1902; November, 1902 to March, 1903; and from March, 1903 to February, 1909, inclusive in each

case, beginning with the cost of labor, properly so-called. I distinguish these various periods for this reason, that the period beginning November, 1900, to May, 1902, inclusive, covers the labor cost which resulted from the advance in wages following the strike of 1900; the period beginning November, 1902, to March, 1903, will disclose the cost as resulting from the advance of ten per cent. in wages which became effective November, 1902, as the result of the award of the Anthracite Strike Commission; the period from April, 1903, to February, 1909, covers the additional labor cost resulting from other features of the award of the Anthracite Strike Commission. A. From November, 1900, to May, 1902, the average per ton was one dollar and thirty-five cents, average labor cost; from November, 1902, to March, 1903, $1.45.9; from April, 1903, to February, 1909, $1.57.4.

Q. What was the average labor cost immediately prior to November, 1900, before that advance went into effect? A. For the year prior it was about one dollar and thirteen cents or one dollar and fourteen cents.

Q. The advance, then, amounted to about sixteen per cent. in miners' wages—the increase. A. On November 1st, 1900, there was an increase of sixteen per cent. There had been a strike prior to that time, and this was a settlement of the strike. The strike was settled with an award of ten per cent.—not an award, but an agreement; an agreement of ten per cent.

Q. An agreement to advance wages? A. Yes, sir. The strike started in the middle of September, 1900. Approaching that strike the price of coal increased.

Q. Had advanced? A. Yes, sir; due to the coming strike.

Q. You mean the demand from the markets in fear of the strike? A. Yes, sir. At that time, or prior to that strike, the collieries of the Reading Coal and Iron Company were operating on a sliding scale, by which the men shared in any rise or fall in the price of coal below a certain point. Due to the rise of coal early in September and the latter part of August, the men received an advance

of six per cent., so that when the strike was settled the ten per cent. in the Schuylkill Field was added to the six per cent., making an increase in the Schuylkill Field of sixteen per cent. This sixteen per cent. is figured in these statements for this period from November, 1900, which was the end of the first strike to May, 1902, which was the beginning of the second strike.

Q. After the strike of 1902 the men went to work on the first of November? A. Yes, sir.

Q. After an agreement had been entered into on the suggestion of the President for the establishment of a Board of Arbitration? A. Yes, sir.

Q. After the award was made there was a straight advance in wages of ten per cent., which became effective the day the men returned to work, November 1st, 1902. Is that the correct statement, or substantially? A. It is, in part. The men went to work November 1st, 1902, with the understanding that the whole matter of wages and other questions of dispute were to be settled by the Strike Commission. The Strike Commission sat during the Winter, and finally rendered their decision sometime prior to April, 1903. That awarded the contract miners an increase of ten per cent. in wages; it awarded the company men—nine hours to be a day's work—the company men are the men that are working by the day. Up to that time the day in the anthracite region had been ten hours. Their award was that they were to have a day of nine hours without any reduction in pay. Then, in addition to that, there was an award on a sliding scale. That is, the wages of the men—the wages of all the employees—were to increase one per cent. for every five cents that the average price of coal would increase above four dollars and fifty cents at tide, the price to be considered being on the sizes above Pea coal. In addition to that, certain other increases were given. For instance, firemen—the men firing the boilers—were granted an eight-hour day at the same wages. They had previous to that time two shifts, and the fireman covered the twenty-four hours. At this time the firemen were awarded an eight-hour day, making three shifts of firemen

without any loss of pay. Then, there were certain concessions granted to hoisting engineers, who were employed the twenty-four hours. They were given an eight-hour day. And other engineers who were employed continuously each day were given Sunday off without loss of pay, the companies being required to employ an extra man to take care of the Sunday shift. Then, there were certain other minor concessions given.

Q. So that the general result of all these various advances, beginning November, 1900, and then continuing until the present time, was an increase of the cost of production for wages alone of forty-three cents a ton? A. That is the present increase, and the increase since the 1902 strike, forty-three cents for labor. That, of course, embraces the sum total of all the increases. That is the aggregate since the 1900 strike.

Q. That is for labor alone? A. Yes, sir.

Q. I would like to have you now take up for comparative purposes the conditions of labor cost, earnings of the men, and so forth, for the two comparative years of 1898 and 1908. I select these years because the year ending June 30th, 1898, is the first full fiscal year after the Coal and Iron Company resumed the operations of its business upon the surrender on the first of December, 1896, by the Receivers, and 1908 as the last full fiscal year for which our details have been collected. A. I would just state that we have reduced the day. Of course, as I stated before, after 1902 the day of the company men was nine hours. Prior to the 1902 award the day was ten hours. We have reduced the day to ten hours. We made the day on the basis of a ten-hour day so as to equate that equally. In 1898 the average earning per day of the men working our mines was one dollar and sixty-seven cents; in 1908 it was two dollars and twenty-eight and eight-tenths cents, or an increase of sixty-one per cent. per day, or per ten hours. So as to make it absolutely clear, I will make it per ten hours. Of course, in the anthracite regions we speak now of a day, which means nine hours, but this comparison is made on the

basis of ten hours. I might just say that the net earnings of all our men in 1898 was $8,164,836.76. In 1908 it was $15,785,527.67.

Q. An increase of ——? A. It is nearly double.

Q. Can you give us briefly the difference in cost of producing coal between the year 1898 and the year 1908? What was the difference in the total cost of producing coal in 1898 and the cost in 1908? A. In 1898 the average cost of coal was one dollar and eighty-two and seven-tenths cents.

Q. At the breaker? A. At the breaker. In 1908 the cost was two dollars and fourteen and six-tenths cents.

By Mr. McReynolds:

Q. Thirty-two cents difference? A. Thirty-two cents, yes. I might just add, that the cost to produce in 1900 was one dollar and sixty-seven cents.

By Judge Campbell:

Q. That is for the year 1900, before the strike? A. When I say 1900, that means the year prior to July 1st, 1900.

Q. The year ending June 30th of each year? A. Yes. They are not the calendar years; they are the fiscal years.

Q. Do these costs that you were taking up include labor, supplies, royalties, improvements, and so forth? A. Yes, sir; they include labor, supplies, royalty and improvements and general expenses. That is, just the costs I have given now. The labor cost that I gave originally was simply the labor cost at the collieries, men to load the coal at the collieries.

Q. Referring to royalties. Are there any royalties included in these statements of cost on coal mined in the company's lands operated by itself? A. No, sir.

Q. And it only includes royalties which are actually paid? A. Yes, sir. It includes royalties in subsidiary companies that we own.

Q. The company has to pay those royalties to those subsidiary companies, because they have outside stockholders, but the royalties that are included in your statement are confined to the royalties that are actually paid to lessors? A. Yes, sir.

Q. And do not include any royalties, or anything that represents a royalty, on the coal mined by the company from its own land? A. No.

Q. Suppose you give us the average total cost of mining for each year from 1898 to 1908, inclusive? A. In 1898, $1.82.7, 1899, $1.58.7.

Q. How do you account for the marked difference between those two years? A. In 1899 the wages were five and nineteen-twenty-fourths per cent. below the two dollar and fifty cent basis. In Schuylkill region we were working on a sliding scale, and the basis of payment for wages was two dollars and fifty cents at Port Carbon. There was a fixed rate. During that year the rate of compensation was below that basis, due to the receipts for coal, and it was five and nineteen-twenty-fourths per cent. in 1899 below that basis.

Q. That does not wholly account for the discrepancy, does it? A. In 1900, one dollar and sixty-seven cents. In that year the sliding scale worked over or above the basis four-sevenths per cent. Then, in that year, in October, during the strike, that sliding scale was suspended by the agreement. In 1901 the cost was one dollar and eighty-two cents and six mills; 1902, two dollars and six cents and six mills; in 1903, two dollars and nineteen cents and six mills.

Q. Those three years you have last read show the results of those advances, do they not, to which you referred in a previous answer? A. Yes, sir. In 1904, $2.22.6; in 1905, $2.19.2; in 1906, $2.15.3; in 1907, $2.16.8; in 1908, $2.14.6.

Q. While you are at this point, I would like you to give us the production during each of these several years showing the growth of the production. A. Do you mean the tonnage?

Q. The tonnage, yes? A. In 1898, the tonnage was six million six hundred and eighty-one thousand six hundred tons. In 1899, seven million one hundred and fifty-six thousand seven hundred and thirty-four tons.

Q. Did that advance of about five hundred thousand

tons in tonnage tend to reduce the average total cost per ton? A. It all helps.

Q. That is one of the elements. A. Yes, sir. In 1900, eight million thirty-one thousand nine hundred and fifty-one. In 1901, eight million sixteen thousand nine hundred and thirty-five; in 1902, six million nine hundred and sixty-eight thousand five hundred and sixty-six.

Q. Why that decrease in tonnage in 1902 and 1903? A. The strike of 1902 started in May and continued over June, 1902. The end of our fiscal year was July 1st. It extended over until November, so that it came into both years.

Q. And that falling off in tonnage in the year 1902 was due to this strike? A. Well, yes, partly. I do not know that it was entirely due, but due in part to that. In 1903 it was six million two hundred and ninety-nine thousand four hundred and forty-nine.

Q. That falling off in tonnage was also, in a measure, due to the strike? A. Yes, sir; that was due to the strike. The mining that year was as brisk as it could be done. In 1904, eight million seven hundred and seven thousand five hundred and eight; 1905, nine million four hundred and thirty-eight thousand six hundred and sixty-five; 1906, nine million one hundred and fifty-two thousand three hundred and fifty-three; 1907, ten million fifty-four thousand seven hundred and thirteen; 1908, ten million two hundred and eighteen thousand three hundred and nine-two.

Q. I take it the variations on cost of production were affected by other considerations, such as water conditions, floods, fires, storms, breakages of machinery, and other extraordinary matters? A. They all add to it.

Q. Will you be good enough to give us some general description of these various accidental and extraordinary experiences which confront your operations? A. We are unfortunate enough at various times to have fires take place in the mines. Also, during very wet seasons we have an unusual quantity of water which finds its way into the mines.

Q. I suppose you meet sometimes also with the contrary conditions of droughts? A. We had last Fall in our region a very extended drought that lasted in the various parts of the territory for several months, and during that time we were compelled to haul water for boiler purposes, and I think during that period we hauled something like about one hundred and twenty million gallons of water on railroad trains.

Q. You are speaking now of fires and floods. Your machinery breaks down sometimes? A. Those are things that we try to guard against. Of course, we have breakdowns in machinery that suspend collieries, and compel us to go to the expense of renewing and also to a loss of operation.

Q. All these various elements, and perhaps others, tend to make variations periodically in the cost of production? A. Yes, sir. As we are free from them they are to our advantage, and of course as we have them they add to the cost.

Q. There is another element that you alluded to in a very general way in the preliminary statement, but I do not know whether it was done specifically or not. You have squeezes in your coal measures? A. Yes, sir.

Q. Which require additional drifting and clearing away? A. Yes, sir. We have places where the measures squeeze, where the gangways have to be reopened or where they have to be heavily timbered to protect ourselves from them.

Q. All these things, I take it, go into the variations from time to time in the mining cost? A. Yes, sir.

Q. And, therefore, there cannot be any absolute proportional statement of cost that will be persistent and continued right along? A. No, sir. There are always things that will make it irregular. Of course, we try to meet those as best we can.

Q. You referred some time since to the transportation of coal by mules, and so forth, and the way you left that seemed to include only the transportation under the ground. You do not include, of course, any railroad

transportation from the collieries, from the breaker? A. No, sir. We are done with the coal the minute we load it on the cars.

Q. But you do have superficial transportation on the surface from the openings to the breakers? A. Yes, sir.

Q. Give us some illustrations of the extent of some of them? A. On the surface. We have one colliery that we haul the coal three miles.

Q. On the surface? A. On the surface. We have other collieries where we haul it a mile, and we have some where it runs a thousand feet.

Q. Continuing the consideration of the increased cost of producing coal from 1898 to 1908, I would thank you to refer to the subject of materials and supplies, and give us some special illustrations of advances of consequence. A. I had taken off the increase in the cost of certain articles we purchased. Rails in 1898 were nineteen dollars a ton; in 1908, twenty-six dollars and thirty cents. Sheet iron advanced from one dollar and ten cents to one dollar and eighty-five cents.

Q. What are the percentages of those increases? A. The increase on rails is thirty-eight per cent. The increase on sheet iron is sixty-eight per cent. Corrugated iron we bought for one dollar and sixty-five cents per hundredweight in 1898. In 1908, two dollars and forty cents. A total of forty-five per cent. increase. Mules cost us $112.50 in 1898; cost $207 in 1908.

Q. How many mules do you use? A. We have about two thousand five hundred mules.

Q. That was an increase of how much? A. Eighty-four per cent. in the price of mules. Understand, we do not buy two thousand five hundred mules annually; that is the total we have, two thousand five hundred. We buy about two hundred mules a year. Hay cost us nine dollars and ten cents in 1898 and fifteen dollars and sixty-five cents in 1908, an increase of seventy-two per cent. Corn cost us thirty-eight and a half cents in 1898; seventy-nine cents in 1908, an increase of one hundred and five per cent. Oats cost us thirty-two cents in 1898 and fifty-

eight and a half cents in 1908, an increase of eighty-two per cent. Southern yellow pine, 12x12, cost us sixteen dollars in 1898 and thirty-one dollars and fifty cents in 1908; an increase of ninety-six and nine-tenths per cent. Hemlock cost us six dollars and thirty-five cents in 1898; twelve dollars and fifty cents in 1908. Round timber increased about fifty per cent. Round timber is the timber we use for props in the mines.

Q. Large quantities of these things you use? A. Yes. The round timber proposition is one of our heaviest expenses in the Schuylkill Field. Our bills aggregate about $100,000 a month, for round timber. Pig iron was eleven dollars and thirty cents in 1898; eighteen dollars and forty-five cents in 1908, an increase of sixty-three per cent. Copper, ten dollars and seventy-seven cents in 1898, thirteen dollars and sixty-three cents in 1908; a total of twenty-six per cent. increase. Four-inch pipe increased from sixteen dollars and twenty-four cents to thirty-three dollars and sixty-nine cents, or one hundred and seven per cent. White oak car lumber, from twenty dollars and seventy-six cents to twenty-seven dollars; thirty per cent. increase. Bar iron per pound from one cent and an eighth to one cent and eighty-five one-hundredths cents; an advance of sixty-four per cent. Steel boiler plate from one and forty-seven one-hundredths cents to one and nine-tenths cents; an increase of thirty-two per cent. In our manufactured articles, castings increased from one and twenty-two one-hundredths cents to two and eight-tenths cents, an increase of seventy per cent. Composition metal castings, from nine and a half cents to fourteen and thirty-six one-hundredths cents; an increase of fifty-one and six-tenths per cent.

Q. Are there other items that occur to you as of especial importance? A. I think those are representative.

Q. Of the general increase of materials and supplies connected with the mining operations? A. Yes.

Q. These costs of production are based upon the entire tonnage, including the smaller sizes? A. Yes, sir, the total tonnage.

Q. Both in respect of wages, materials, supplies and all the other items? A. Yes, sir.

Q. I wish you would give some description, in general terms, of the cost of protecting the safety of the mines and of employees, ventilation and the like. A. I do not know how I could differentiate that.

Q. We have statutes in Pennsylvania, have we not, which require certain methods of protection? A. We have a mine law that the mines have got to be operated in accordance with. We are so used to doing that that we do not differentiate it in money any more. We expect to do that.

Q. Do you know whether or not, in all your experience, the Coal and Iron Company's operations have been rather in advance than merely in obedience to the provisions of these statutes? A. We try to do everything we can to provide for the safety of the men, whether it is in the law or not.

Q. You anticipate the provisions of the statutes then, in some instances, I take it? A. We try to do that, yes, sir.

Q. The fact of the matter is, the provisions which have been made by the Coal and Iron Company in conducting its operations have been used as a basis by the legislators in requiring other people to do the like; is not that so? A. I would not like to say that. I would not like to testify to that.

Q. Why would you not like to say it? Do you not know that to be a fact? A. It would look like presumption on my part to say so.

Q. If you do not know it, of course you should not say so. During the administration of your predecessors, then, who were responsible for it, do you not recall that such things did occur? A. Generally supposed to have, yes, sir.

Q. It is true as a fact, then, that the legislation has rather followed the Coal and Iron Company's defensive operations than that the Coal and Iron Company have followed the statute? May I draw that inference? A. Well, you can.

Q. Have you had occasion to confer with the representatives of foreign governments on tours of inspection through our region on the subject of protection against mine gases and the like defensive measures? A. We had a visit from the representatives of Belgium and Germany, on their recent visit to the United States, in one of our mines.

Q. Did they offer or express any opinion as to the means employed by the Coal and Iron Company to protect the property and personnel of the employees? A. They expressed great satisfaction at what was being done, and had nothing to suggest.

Q. We can assume, I take it, that these provisions were expensive? A. They all cost money.

Q. May I ask you whether this preliminary statement which we have had put on the record is the result of a public address that you delivered some time since? A. Yes, sir.

Q. What is the proportion of your production due to the present methods of preparation for the market, of prepared sizes, as compared with the smaller sizes? A. The average last year, I think, was fifty-five or fifty-six per cent. of prepared sizes, and the balance, forty-four or forty-five, small sizes. I have forgotten the exact figures; it was in that neighborhood.

Q. How long have you been a practical, anthracite coal mining engineer? A. I started at the business in 1882.

Q. Was that in the Schuylkill region? A. Yes, sir.

Q. Have you mined for years in all three regions? A. I was in the Schuylkill region from 1882 to 1889, and in the Wyoming and Lehigh regions from 1889 to 1903. I have been in the Schuylkill region from 1903 to 1913, and am at the present time.

Q. Are there or not very distinct geological and mining contrasts as between the Northern field and the Southern field in the anthracite coal regions? A. Yes, sir. In the Northern field the veins are flat, or nearly flat, the inclination running from generally under twenty or twenty-five degrees, and in many cases ten and less. In the Southern

Schuylkill field we strike very heavy pitches, and the veins contain more refuse. They are broken with the physical contortions made at the time of the development or creation of the coal.

Q. Generally speaking, are these veins and coal measures in the Schuylkill region deeper lying than those in the northern region? A. The depth of the Schuylkill region is not known. It is supposed that they are over four thousand feet in depth at the extreme point.

Q. Is the coal as it lies in the beds broken up more in the Schuylkill or Northern region? A. In the Schuylkill region.

Q. Generally speaking, are the coals in the Southern field more or less mixed up with impurities than in the Northern region? A. They are very largely inter-stratified with impurities, and very much more so than in the Wyoming region.

Q. What, if any, contrasts or comparison is there between the two regions in the matter of bed thickness? A. We have very thick veins in portions of the Schuylkill region, and we also have many that are thinner.

Q. What difference is there as to matter of density, hardness or friability? A. In the Schuylkill region the pitch, and, as I said, the physical contortions during development have crushed a great deal of the coal and made it soft, friable and shelly.

Q. Are there or not very striking differences in respect to the gaseous qualities of the coals in the two regions? A. In the Wyoming region we have a good deal of gas in the deeper measures, in the vicinity of Wilkes-Barre, but the coal is dense. The gas in our heavy pitches generally works out and makes up what is known in mining parlance as free coal, making the coal shelly and troublesome, causing the veins to run—what we know as running—therefore, requiring heavy timber to hold them in place, to keep them from running.

Q. Are there any striking differences in the matter of water in the mining operations of the Southern and the Northern fields? A. In the Southern fields the veins gen-

erally come to an outcrop, and those outcrops run along the surface at the point in which the vein reaches the surface, and that allows a great deal of water to enter the mines. In the Wyoming fields, the veins being flat, the distance at which they reach the surface and the number of times they reach the surface is very much less, and, therefore, there is not as much water finds its way into the mines as it does in our region.

Q. Taking the quality of the two coals in which region is there the greater loss in the mechanical preparation for market of the coal? A. In the Schuylkill.

Q. What effect has the deeper mining and the greater quantity of water and the mining on the pitch in the matter of fuel consumption at the power plants in the Schuylkill region and the Wyoming region? A. The increase of every gallon of water requires increased power, and, therefore, increased consumption of steam, and, therefore, compelling the use of coal to produce that steam.

Q. And there is a greater consumption of coal at the colliery in the Schuylkill region than there is in the Northern field? A. Yes, sir. In addition to that, the amount of material hoisted up in the Schuylkill mines is in excess of that hoisted in the Wyoming field per ton of coal, because the amount of refuse coming with the coal on the pitching veins, compels that refuse to be brought out and dumped on the surface. Where in the Wyoming field, that refuse being less in amount, is gobbed in the chambers of the mine.

Q. In other words, in lawyer's English, it is left in the chambers in the mines? It is not brought to the surface? A. That is what "gobbed" means, left in.

Q. I observe in Mr. Griffith's table that he has applied a uniform formula to determine the amount of unmined tonnage in the three regions which will go to market. By Mr. Griffith's table I mean the Government's exhibit in this case. In dividing into the foot acres of the unmined coal or original coal content with a devisor of 650 tons per foot acre. Mr. Griffith's explanation of his estimate of 650 tons per foot acre will be found on page 109 of the March issue of

the Bond Record of 1896, according to a note on the Government's exhibit. In order to ship to market 650 tons per foot acre of coal bed, as used by Mr. Griffith, or upon the basis of his estimate, will you please state how many tons per foot acre of actual coal in the bed it would be necessary to mine? A. At least 650 tons. As applied by Mr. Griffith in that estimate it is 650 tons per foot of bed from floor to roof, including whatever refuse is in that vein. If the refuse in the vein were eighty per cent. say, and the vein were ten feet thick in that case, the ten feet of the vein would be required to ship 6500 tons. If the vein were eighty per cent. coal, eighty per cent. of ten feet would be eight feet. Divided into the 6500 tons would give 812 tons per foot of coal in the vein. In addition to that there would be required that every ton of coal going to market would have to provide a certain amount that would be used at the mines for fuel, and for waste in the preparation. That is, when I say waste I mean in the mining, in blasting the coal out of the solid and finally getting it into the car, and then taking it to the surface and dumping it to the breaker and breaking it into the various sizes for market. There is a certain amount of that coal that is broken into particles too small to market or too small to use. The sum of those two factors, the fuel and the destruction at the mines is equivalent in our region, we estimate at thirty per cent. of the shipments. Therefore, thirty per cent. of 812 tons would be 243, or a total production from the coal in the vein of 1053 tons. That would be where the vein contains eighty per cent. of coal. On the other hand, should the vein contain fifty per cent. of coal only, and the vein were ten feet thick, there would then be ten feet thickness of vein and five feet thickness of coal in that vein. The ten feet at 650 tons would give 6500 tons. The five feet of coal in that vein divided into 6500 tons would give 1300 tons of coal to market from each foot of coal in that vein. Adding to that the thirty per cent. of fuel and waste would require that 1300 tons to contribute 390 tons for the fuel and which would make a total of 1690 tons. Therefore, the ten-foot vein with eighty per cent. of coal would be required to get

out of each foot of coal something over ten hundred tons, and the ten-foot vein with fifty per cent. of refuse in it would be required to get 1690 tons.

Q. Does this factor, varying so with the amount of impurity in the vein and the coal consumed in the colliery production in steam raising, and the varying factor due to the friability of the coal, and its breaking down, occur in proportion? Is it rational or defensible, and is there a constant factor of that sort in determining the tonnage going to market? A. The varying factors entering in the mining of coal would not allow any constant factor to be applied to all classes of veins or all classes of pitches of the veins, and to all states of hardness or density of the coal in the veins, nor to the varying conditions of top and bottom. There are many other factors that would enter into this, so that to arrive at an estimate, each condition in each territory in each vein should be known.

Q. Do you know Mr. Griffith? A. Yes, sir.

Q. Where does he live? A. At Pittston.

Q. Is he a practical mining man? Is he engaged in practical mining? A. He has been a geologist. I think he was at one time connected wih a mining company near Pittston.

Q. Has he ever mined in the Schuylkill region? A. I never heard of him doing so.

By Mr. Coudert:

Q. You do not know whether he has or not? A. I have never heard of it; no.

By Mr. Reynolds:

Q. You have never heard of it since 1883? A. I feel almost satisfied if he had I would have known it.

Q. He has never made a distinguished performance in mining, I take it, up in that region, or attracted attention? A. No.

Q. Has there been a rather pathetic history of these Wyoming miners that have come down to the Schuylkill region and started in mining on the theory that the Schuylkill region would produce the same factor of tonnage to market that the Wyoming region did? A. We

have had a number of operations started in comparatively recent years.

Q. What happened to the Chamberlain operation, and who engaged in it?

(Counsel for the Government object to this whole line of testimony as totally immaterial.)

A. The Chamberlain and Marion Coal Companies were located about three miles to the west of the Palmer Vein and along Mill Creek and near St. Clair. Prior to 1864, the Ronaldson Colliery operated the Peach Mountain and Little Tracy Veins on this tract, but had abandoned their operation in about 1864. In 1892, the Chamberlain Coal Company composed largely of mining men from the Lackawanna region, bought the tract and developed it. The Peach Mountain, Little Tracy, Tracy and Little Diamond veins were developed and mined. The equipment was the very best and represented the very latest in coal mining practice. The company had abundant financial resources and every effort was made to secure a satisfactory result. In 1896, the Chamberlain Colliery was transferred to the Marion Coal Company at the head of which were other men of experience in the Scranton field. The new company operated it for several years or until 1899, when the mine was abandoned, and the equipment and improvements dismantled and sold. During the entire period of operation from the opening in 1892 to the abandonment in 1899, but 121,000 tons of coal was shipped, representing the entire effort of that length of time, though every effort was made to secure an output. This mine had opened the Peach Mountain, Little Tracy, Tracy and Little Diamond Veins. With the result of the development of this colliery in mind, I quote the testimony of Captain May, one of the stockholders of the Chamberlain Company, given at the last case: "Q. That was an operation that covered about how much unmined coal when you started in on your operation? A. Some estimated that there were 30,000,000 there; but then the more conservative estimate was about 12,000,000 tons. Q. The estimates of men in the business differed that

widely on that particular mine did they? A. That is right. Q. As to the amount of tonnage there was unmined? A. That is right. Q. You are speaking now of the tonnage that they estimated could be taken out? A. Yes, sir."

Q. They did not get 650 tons per foot acre out of that mine to market? A. It does not appear so.

Q. What was the history of the Thuron operation? A. The Thuron Colliery located to the west of the Chamberlain colliery about three miles. The Williams Coal Company in 1894 re-opened the Spencer and Milnes Slope on the Tracy Vein. It was located adjacent to West Branch of Norwegian Creek at the west end of Pottsville. This company was composed of experienced and successful mining men from the Wyoming region. They developed the Tracy, Little Diamond and Diamond beds, and operated the mine until 1901, when it was abandoned, and the equipments and improvements dismantled. This company was composed of men of financial ability and mining experience. During the seven years of operation about 360,000 tons were shipped.

Q. Were they able to get 650 tons per foot acre out of that operation? A. It did not appear so.

Q. What is the history of the Albright? A. To the west five miles in the same basin in 1893, the Salem Colliery was re-opened by the Albright Coal Company. This property lies directly south of Llewellyn. The Salem, Sand Rock and Peach Mountain veins were developed and mined. The proprietors of this company were from the Lackawanna region. Shipments were begun in 1894, and the mine operated until 1905, when it was abandoned. In the twelve years of operation the entire shipments were about 500,000 tons. The greatest shipments in any year being about 63,000 tons. The tonnage given here was acquired from the Pennsylvania State Mine Inspector's Reports covering those collieries.

Q. Were they able to get out 650 tons per foot acre to the market? A. It does not appear so.

Q. What was the history of the York Farm? A. York

Farm Colliery. This colliery was opened in 1889 just west of Pottsville in the first basin, by the Lehigh Valley Coal Company. The mine was located about two miles southwest of the Williams Coal Company operation. All the beds lying above the Diamond, were developed, viz: Diamond, Little Diamond, Tracy, Little Tracy, Peach Mountain, Sand Rock, Salem and Brewery. This represents the entire number of the Red Ash series, excepting the Orchard. The equipments and improvements erected by the Lehigh Valley were the very best and the very latest word in mining. The colliery was ready for shipments late in 1891, and operated for nine years and in 1899 was abandoned. The total output secured in the entire period of nine years from all the veins was about 500,000 tons. This colliery was located in the first basin which is the deepest, and lies adjacent to Sharp Mountain.

Q. That operation, I understand, is abandoned and gone to rack and ruin? A. It is abandoned, dismantled and filled with water.

Q. What was the history of the Feger Ridge operation? A. This operation was opened in 1884 on the Sand Rock Vein. In 1886 it was purchased by the Lehigh Valley Coal Company who opened the Peach Mountain Veins. The veins were in such poor condition that the operation was abandoned. This colliery was located along the Swatara Creek near Newtown. It will be seen that these six operations (Chamberlain, Williams, York Farm, Silverton, Black Diamond and Feger Ridge) started at periods ranging from 1886 to 1894; they were operated by independent owners. Palmer Vein Colliery, started in 1876 and abandoned in 1890, is in the same class. All were located in the Central area referred to and worked the beds in the group from the Salem to the Diamond, known as Red Ash beds. All had proved failures and been abandoned by 1905. They reached over a reach of country from New Philadelphia to near Newton, about 13 miles in extent, and illustrate the difficulties to be met in the mining of the veins in the central territory of the Southern Field. Considering the difficulties met in nearly

every case by the many operations of prior date in these same beds, shows how little dependence can be based on them in the Southern Field.

Q. What was the history of the Pottsville shafts? A. In the Southern Field the greatest effort to open the White Ash veins (I might say that the White Ash veins are the veins running from the Primrose down to the Buck Mountain) was made in 1873 by the Pottsville shafts sunk over 1600 feet to the Primrose from which the Mammoth was cut by tunnels. I might say that this quotation is from a report of General Pleasants in the annual report of the company January 18th, 1877. "The two Mammoth Vein shafts, now known as the Pottsville collieries, have been sunk to the required depth of fifteen hundred and ninety-six feet. The veins are in excellent condition, and so free from water and firedamp, that although the mines have not reached a large shipment, yet the coal is being produced at a cost per ton below the average of the other collieries of the Company. This operation is destined at an early date to become the largest and most economically worked colliery of the company. It has now a daily capacity of production of five hundred tons, which will be increased in the year 1878 to one thousand tons per day, and in the year 1879 to fifteen hundred tons per day."

Q. How did that prophecy pan out? A. I give the actual results of the operation of the Pottsville Colliery, the Mammoth Vein shaft. In 1876, for eleven months, 25,020 tons. In 1877, 48,501 tons. In 1878, 2,574 tons. According to the prophecy of General Pleasants, it should have been 300,000 tons. In 1879, 24,305 tons. According to the prophecy of General Pleasants it should have been 450,000 tons. In 1880, 40,714 tons. According to the prophecy of General Pleasants it should have been 450,000 tons. In 1881, 16,261 tons. According to the prophecy of General Pleasants it should have been 450,000 tons. In 1882, 41,067 tons. According to the prophecy of General Pleasants it should have been 450,000 tons. In 1883, 52,057 tons. According to the

prophecy of General Pleasants it should have been 450,000 tons. In 1884, 16,037 tons. According to the prophecy of General Pleasants it should have been 450,000 tons. In 1885, 2,157 tons. According to the prophecy of General Pleasants it should have been 450,000 tons. At that time the colliery was abandoned as the veins were so faulty as to make profit impossible.

Q. Did the total production of that mine in its entire history of ten years amount to as much as General Pleasants prophesied it would produce in the first minimum year of its opening? A. The total output for the entire operation of these years was 269,218 tons.

Q. What was the lowest prophecy for any one year's production of General Pleasants? A. 1878, 300,000 tons. The colliery was abandoned in 1885, and has never been re-opened.

Q. In these various operations I take it there are a good many units of 650 tons per foot acre that did not materialize? A. It would certainly appear that way.

Q. In Mr. Griffith's exhibit I observe another curious basis of prophecy which he has adopted, and that is that in the Wyoming or Northern region he has adopted as the limiting basis of mining four foot beds, according to the second column of his exhibit. On the other hand, when he gets over into the column of the Schuylkill region, both in the Western Middle or Mahanoy and Shamokin Field, and in the Southern or Pottsville Field, he assumes that he can mine the thinner veins, and throws into the unmined total in this region all coal down to a three foot bed. You are aware of that fact, are you? A. Yes, sir.

Q. Did you at my request procure from Mr. Griffith his original and supporting working papers in which he tabulated the three foot beds in the Western or Middle or Mahanoy and Shamokin Fields and the Southern or Pottsville Field? A. Yes, sir.

Q. He furnished you with all the working papers upon which he made this exhibit? A. He furnished a tabulation that represented the basis. I might also add that these

three foot veins are given in the published records of the Bond Record—the number of three foot beds that he used are stated.

Q. What was the total tonnage Mr. Griffith's tabulation, as shown in the original papers which he surrendered to you, and in the Bond Record, included in these three-foot beds in the Schuylkill region? A. The total acreage of three-foot beds is 184,413 acres, equivalent to 553,239 foot bed acres. Six hundred and fifty tons per foot acre amounts to 359,000,000 tons.

Q. That is by assuming that in the Schuylkill region you could mine down to the three-foot beds, and in the Wyoming region he assumed you could mine only to the four-foot beds, the condition of his basis threw into the Schuylkill field 359,000,000 tons of coal? A. Yes, sir.

Q. From your experience in mining in the three regions, as a practical man mining coal to send to market, is there any earthly reason or justification for his adopting the three-foot bed in the Schuylkill region and not adopting it in the Wyoming region? A. No, sir. The justification stated by him is because of the pitch. But experience with the Schuylkill region and with the Wyoming comes back again to the statement made before as to the character of veins. The beds in the Wyoming being firm, the Schuylkill region beds being broken, and heavy pitches, would make it appear to me that the balance should be on the Schuylkill side; that is, the larger basis should be given to us instead of making the mining basis smaller, as he does.

Q. That is, there would be more reason, from a scientific and practical standpoint, of saying you could mine down to the three-foot beds in the Wyoming region, and could not go below the four-foot bed in the Schuylkill region? Yes, sir.

Q. And he has them just turned around? A. Yes, sir.

Q. And turning them around he throws into the Schuylkill region the mere bagatelle of 359,000,000 tons of coal? A. Yes, sir.

Q. From the working papers which you received from Mr. Griffith, how much coal did he put in the unmined coal

content under his estimate in the Dauphin basin? A. 98,695,350 tons.

Q. Was that justified, in your experience? A. The Dauphin coal basin at the present time has no mining operations in it, nor has there been since 1860, with the exception of the Kalmia, working the Lykens vein, adjoining the Lincoln operation. There were some provings and attempts to open collieries for instance, on the Dull lands. Within five years a slope was sunk in one of the Lykens veins which proved a failure because of the condition of the vein. This is taken from the first geological survey of Pennsylvania. "The Dauphin Coal-Basin is now (1858) entirely deserted by coal miners; for several years little or no coal has been shipped from it. So unreliable do the seams prove, and so great is the outlay required, that, recollecting that former experiments have failed, no disposition at present is manifested to develop its resources." That was in 1858.

Later the Kalmia Colliery was opened by a water level tunnel driven into the Lykens in the Dauphin Basin, cutting the Nos. 4 and 5 beds. The beds were faulty and unworkable, long gangways 12,000 feet in length were driven to the east and west without satisfactory results; finally at a point about 6000 feet east and adjoining the present Lincoln operation the bed was found fairly good, and after this was mined out the colliery was abandoned. In 1909, the Dull lands, located on the north side of the Dauphin Basin was prospected with a view of opening an operation. After considerable preparatory work a slope was sunk on the Lykens No. 4, a distance of 95 yards. The vein developed about two feet in thickness. After spending six months on the work, it was abandoned because of unsatisfactory results.

I quote from the Second Geological Survey, Summary Final Report, 1895, The Dauphin Basin. "Condition of the coal beds: The uplifting and close folding of the strata, in this basin, has so rubbed, crushed and altered the coal beds, as to render them extremely variable and unreliable, both in thickness and quality, and they are all high in re-

fuse and small coal; this is especially true of the south side of the basin. It is possible, that improvements in the method of burning small sizes of coal, will so enhance their value as in time, to make mining of the beds of this basin, where there is a great quantity of coal above water level, a profitable one.

"At Kalmia Colliery (mine sheet XXI and XXII) Lykens Valley Nos. 4, 5 and 6 beds were mined. The beds are reached by a water lever tunnel, from the north side of Fourth Mountain, the gangways extend west two miles and east three miles connecting with Lincoln colliery workings; average dip of the beds is about 65° south. The thickness of the beds, and the yield of coal, is very variable; the tunnel section (columnar section sheet XI) gives a thickness of 2 feet 11" for No. 6 bed, 8' 8" for No. 5 bed and 2' 10" to 4' 6" for No. 4 bed; but the mine map shows in all the beds here and there stretches of gangways where the coal was so thin and so dirty that it was not thought worth while to work the breast."

Q. I note that reference to sheet XI. What does that reference mean? A. That is their sheet of sections that they make.

Q. By the State Geological Survey? A. Yes, sir.

Q. As I understand it, in round numbers, Mr. Griffith located in the Dauphin basin 100,000,000 tons? A. Approximately; yes, sir.

Q. Has there been any appreciable amount of coal come out of the Lykens veins over there? A. In that basin all that has come out has come out in this operation that I have just described. I do not know just what that is.

Q. It is a negligible amount in comparison with a hundred million tons? A. Yes, sir.

Q. The Dauphin basin has been a fizzle, generally speaking? A. It has a very dull reputation up our way.

Q. In Mr. Griffith's manner of estimating did he also consolidate veins through that territory, like the Lykens vein and the Buck Mountain vein, and in his supporting papers give the data upon which you could find what his computation was as to the output of those veins? A. Yes, sir.

Q. The Lykens Valley vein is what is known as premium coal, is it not? A. Yes, sir.

Q. That is when you can get it, it sells at a price in advance of any other coal in the market? A. Yes, sir; above the White Ash.

Q. So that it is sought by the coal miner as gold is sought by the gold miner, is it not? A. I should think so; yes, sir.

Q. It is the most desirable anthracite coal, if you can find it, that there is, is it not? A. Yes, sir.

Q. Roughly, what is the premium it commands in the market? A. It runs from about fifty cents to a dollar in prepared sizes.

Q. How much of coal in the Southern field did Mr. Griffith's estimate put into the Lykens veins? A. The total tonnage estimate in the Lykens veins in both the Southern and Western Middle field totals up a little over four hundred million.

Q. Just going briefly over the various workings of the Lykens veins, in the Southern Field of the Pottsville district, what has been the effect of experience on those prophecies? A. The estimate of coal covered territory that the developments have shown, the veins are in faulty condition. Mr. Griffith's estimate of the Southern Field calculates the Lykens Valley vein from a point midway between Forestville and Newton, and goes to the western ends of both the North and South Basins, or the Dauphin basin and the Wiconisco basin. Starting at the Northern outcrop of the basin and travelling westward along the outcrop a distance of forty miles to the extreme point of the Northern basin the vein has been developed at ten points and found unworkable in all of them, with the exception of No. 2 Vein at Good Spring and No. 3 Colliery, and at the extreme western end of the basin at the Short Mountain Colliery. Substantial developments were made north of Donaldson and Good Spring No. 1 at Valley View and at Bear Valley Colliery of the Susquenhanna Coal Company, and in all these developments the veins were found to be unworkable. At Good Spring No. 3 all the veins

were cut by a water level tunnel and only the No. 2 was found workable. It pinched in the gangway at a point 5000 feet west of the tunnel. Continuing eastward along the south outcrop of the North Basin, Short Mountain and Williamstown Collieries worked extensively the Nos. 4, 5 and 6 beds. At Brookside Colliery two beds have been found to be workable, No. 4 and 5, though Mr. Griffith in his estimate considers four veins. From Brookside east to New Lincoln Colliery the vein is not worked. The Quinn Slope sunk in one of these veins did not show it to be satisfactory. The New Lincoln Colliery opened a slope on the No. 2 vein, and tunneled to the No. 1 and 4 and 5 veins. After operating for several years the colliery was abandoned because of poor vein conditions. Lincoln Colliery. Turning to the west, Lincoln Colliery works the Nos. 1, 2, 4 and 5 veins. Still west of Lincoln, the Kalmia Colliery now abandoned worked the Nos. 4 and 5 veins. Along the Sharp Mountain workings is the Ellwood drift and Blackwood Colliery. These veins were cut there in an unworkable condition. The working collieries in this vein lie along the anticlinal, the measures of which rose and forced the vein out to form the Wiconisco and Dauphin basin. On the opposite sides of the Wiconisco and the Dauphin or Southern basins the veins where developed were found in faulty condition. Now, the question, always agitated, is with the north dipping beds of the southern basin and the south dipping beds of the Wiconisco basin in faulted condition, how far will the beds dipping off the saddle at Lincoln, Brookside, Williamstown and Short Mountain continue good and where will future developments show that the faulted condition of the other dips will be met.

Q. Of all these various operations, the Brookside and the Williamstown are about the only collieries in the whole region that have got anything out of the Lykens veins, are they not? A. No, sir; the Lincoln, the Brookside and Williamstown and Short Mountain and No. 4.

Q. And all the rest have petered out all over your basin? A. Yes, sir. All the collieries that had worked or attempted to work these veins have never found them in good condition except in these territories. And yet, on that very

dip between Lincoln and Brookside the new Lincoln colliery, after an experience of five or six years, was compelled to abandon it because of the poor condition of those veins even on that dip. I might add on that Lykens tonnage I gave it included the Lykens in the Western Middle field.

Q. In the Southern field Mr. Griffith threw into the Lykens veins about 285,000,000 tons? A. No; there were about two hundred and seventy approximately—265,000,000 tons.

Q. That left under the Griffith estimate about what tonnage in the Lykens veins in the Mahanoy field? A. About 130,000,000.

Q. Briefly, what has been the history of the last twenty-five years in fulfilling Mr. Griffith's prophecy as to that? A. Mr. Griffith's estimate considers the Lykens Valley vein a workable proposition from in the Mount Carmel district to the Western end of the territory and estimates the contents as 32,407 acres and the thickness of the bed at five, six and seven feet. In this area, on the south side, the vein has been opened at Brenzels, Helfenstein, Ben Franklin, Mt. Franklin and Lansdale collieries. These collieries worked the bed exclusively and have long since been abandoned because of the unsatisfactory conditions. At Enterprise, Locust Spring, Big Mountain, Burnside, Bear Valley and North Franklin on the south end of the basin, the vein has been worked in connection with the other veins of the collieries. Unsatisfactory conditions of the vein have caused the abandonment of the working of the vein at these collieries. On the north side of the basin, the vein was worked rather extensively at Mid Valley, Lukefiddler, Cameron, and North Franklin. All of these operations, however, have run the length of the area in which the vein was developed and was found to be faulty at the extreme western end of the collieries. The Catharine colliery, located at the extreme spoon end of the basin, is now operating this vein with a fair degree of success. There may be in this territory, as yet undeveloped, areas where this vein may be found to be a workable proposition, but where they are, and what extent they will cover, will have to be determined by developments in the future. Any development of this

area cannot be predicted at this time by the knowledge we have at hand. I might add that the only operation in the Western middle field working the Lykens Valley vein is the Catharine operation on the spoon end of the basin.

Q. Going to the Buck Mountain vein, and confining yourself to the Pottsville field for the moment, what tonnage did Mr. Griffith's computation prophesy would be found in those veins in that field? A. About 220,000,000 tons.

Q. Briefly, and as shortly as you can, what has the actual exploration in the last twenty years demonstrated as to the dependability of that prophecy? A. The Buck Mountain bed extends from Tamaqua on the east to and into the Dauphin and Wiconisco basins on the west. Its workings have been in the main adjacent to the north side of the main basin and extend on that line from Tamaqua to Wiconisco a distance of forty-one miles. In this length the vein has been developed at points in very good condition and in other developments it has been found to be unworkable. Along this stretch near Tamaqua for two and a half miles it is worked in good shape at Alaska and Newkirk, then for a stretch of seven miles to Pine Forest all the provings have shown it to be in an unworkable condition. In this area are the Mary D, Big Creek, Silver Creek Mining Company, Kaska William and Silver Creek. At Silver Creek determined efforts have been made at several points to develop good areas of the vein but with but little success as yet. From Pine Forest west to the end of the Pine Hill workings a distance of ten miles, the vein has been worked at Pine Forest, St. Clair, Oak Hill and Pine Hill in good condition. North of this section in the Heckscherville Valley the vein has been worked west and south of a line drawn through Pine Knot and Glen Dower. This includes East Ridge, Thomaston, Buck Run, and Glen Dower. This workable area is on the north slope of the Mine Hill and just about opposite where Pine Hill works it on the south side of the mountain. To the east of the line above referred to and to the east end of the Heckscherville basin the vein has been opened into at many points but in all the vein has been unworkable. In the main basin in the area south of St.

Clair, Oak Hill and Pine Hill the vein has been developed at Wadesville, Beechwood and Lytle and proved to be unworkable. To the west of Lytle at Forestville and at Otto Colliery developed the vein at eight points on water level, and also on the deep levels of the West slope with the result that at but the spoon end of the White Ash Tunnel basin was the vein found workable. At that point a good vein was cut and is being worked. To the west of Otto, the vein was opened at Swatara in unworkable condition. To the west Swatara Middle Creek Colliery worked the vein in good condition. From Middle Creek to the Bear Valley workings of the Williamstown Colliery a distance of twelve miles the vein was opened at Colket and by eight different openings at Good Spring Colliery with no area of any extent of workable coal. At Valley View on the south dip an opening has been made in what appears to be a promising vein. At Bear Valley on both the north and south dips it was worked extensively. At Short Mountain Colliery further west and at the spoon of the basin it was cut but not workable. Coming east along the south side of the Wiconisco basin it was cut at Valley View Tunnel in poor condition. Coming still east at the point of the saddle at East Franklin the vein was again cut in non-workable condition. At Lorberry further west and south of Lincoln the vein was cut but only a small area found to be workable. Coming to the Sharp Mountain rim of the basin and going east Blackwood opened the vein at four points and is working it at two places. Still going east to the Fitzpatrick opening at West Branch and Lucy R at Port Carbon but little is known of the developments. Still going east at Bell Colliery it is faulted. Still further east at Tamaqua it is in good condition and has been worked years ago at West Lehigh and Wabash. In the Broad Mountain basin the vein is in good condition in the eastern half where worked by Morea and New Boston collieries. This description briefly outlines the conditions now developed on the Buck Mountain bed. Many points have been found unworkable, but there are long distances where the vein is being worked, especially along the Mine Hill Mountain.

Just what areas will be proved workable in the future and where, will have to be determined by developments.

Q. You mean cannot be determined even now by prophecy? A. No.

Q. Is it fair to say that the Griffith estimate of the minable coal in the Schuylkill region is, in respect to all the veins, subject to the same sort of criticism you have made of the Lykens Valley and Buck Mountain veins, though in a less degree? A. Yes, sir.

Q. Has experience and exploration absolutely demonstrated the fallacy of that exhibit? A. I do not see how anybody without knowing all the factors entering into this thing, and those factors have not been determined in a great part of the territory, could make any prediction as to the amount of coal that would be ultimately mined from this territory.

(At one o'clock a recess of one hour was taken.)

Q. What amount of coal did Mr. Griffith estimate was in the Red Ash veins in this Schuylkill field? A. In the Red Ash veins as worked by these operations that I have enumerated, about 300,000,000 tons.

Q. Were those Red Ash veins worked at the operations of the Chamberlain, York Farm, Thurton, Feger Ridge, Albright and Black Diamond? A. Yes, sir. They were not all of them worked at each place, but all of them worked some of them.

Q. Did that exploration justify any such estimate as Mr. Griffith had made? A. The abandonment of all these collieries would indicate that the veins could not have been in good condition.

Q. The Philadelphia and Reading Coal and Iron Company, formerly bought coal, did it not, from some independent operators on what was generally known as the sixty-five per cent. basis? A. Yes, sir.

Q. How many of those contracts did it have at the time of the decree in the old case? A. I should say not more than four, but I think it was only three.

Q. Were those with miners operating on coal owned by the Philadelphia and Reading Coal and Iron Company? A. Yes, sir.

Q. After the decree did the Philadelphia and Reading Coal and Iron Company then take any steps to continue to purchase that coal? A. They were abrogated.

Q. Mr. Brown testified this morning that they were purchasing about 16,000 tons a month. Do you corroborate that statement? A. As to the quantity, he would have the best data.

Q. Has the Philadelphia and Reading Coal and Iron Company during your administration, or during the last fifteen or twenty years, surrendered a number of leases on other properties? A. Yes, sir.

Q. Not too particularly, give a general idea of some of those that it surrendered. A. Since 1896, the Girard Colliery, North Ashland Colliery, 1898, West Bear Ridge Colliery in 1899, Buck Ridge Colliery in 1900, Girard Mammoth Colliery in 1904, East Bear Ridge in 1913.

Q. Was the Girard Colliery, for example, a large or small operation? A. It was a moderate size operation. I do not just remember what its shipments were.

Q. During your administration have overtures been repeatedly made to you to acquire more coal lands in that region? A. There have been presentations of land from time to time.

Q. What have you done with those offers? A. Declined them.

Q. Uniformly declined them? A. Yes, sir. We purchased some small holdings where they were interlocked with ours.

Q. That is, to square out a piece? A. Yes, sir.

Q. In the matter of acquiring new lands you have ceased to acquire? Is that a fair statement? A. Yes.

Q. Have you pursued any definite policy of development and conservation of your own collieries? A. We have been developing our collieries, making openings and improving them in various ways.

Q. How much have you spent out of income in the last

ten or a dozen years for your colliery improvements? A. $12,374,000.

Q. Roughly averaging about a million dollars a year? A. Yes, sir.

Q. Is the actual management of the Coal Company under you? A. The operating.

Q. Is it separate and distinct from the railway? A. Yes, sir.

Q. How many employees have you? A. 25,000.

Q. 25,000 of the employees of the Philadelphia and Reading Coal and Iron Company? A. Yes, sir.

Cross examination.

By Mr. Coudert:

Q. Do you know about the cost of production of coal? A. Yes, sir.

Q. That is within your competency? A. Yes, sir.

Q. In this statement put in by Mr. Brown to-day it appears that it cost to mine by the company $2.35 for the year ending June 30th, 1913. It appears from the statement furnished by the Philadelphia and Reading Coal and Iron Company to the Interstate Commerce Commission in answer to question No. 54, that the average cost per ton was $2.28 2/10? A. I would not know anything about that.

Q. Do you know why there should be an apparent difference in the two statements as to the same time? A. No, sir; I do not know that.

(Statement handed witness.)

The Witness:—It appears that that is the average statement for November. That is not for the year. This statement is for the month of November, 1912, whereas, as I understand it, the inquiry that you made was for the year.

Q. Yes. For the year ending June 30th, 1913. Why should there be that difference? A. The cost will vary in different months dependent upon the tonnage produced and a number of conditions that might enter into it.

Q. There were some conditions in the month of November apparently that made the production less expensive than

at other times? A. Of course, I cannot remember just that particular month. But, that is the inference, of course, that would be drawn from it.

Q. What would be those factors? A. If the tonnage was larger proportionately it would have quite a good deal of difference. It might be that we might have had heavy rains or heavy snow storms, or heavy pumping.

By MR. REYNOLDS:

Q. That was the month of November, 1912? A. Yes, sir.

By MR. COUDERT:

Q. Do you generally run your collieries to full capacity? A. We run them just as full as we have orders for the coal.

Q. Take for the last year, were the greater part of the collieries running at full capacity or not? A. No; we had a good deal of idle time.

Q. A good many collieries that were not run? A. No; most of the collieries ran equally.

Q. You equalize the output to some extent in order to keep them all running? A. Yes, sir; we have to keep our men employed. Otherwise, if we did not do that, if we shut certain collieries down, our men would be badly affected.

Q. How much owned and leased land does your company have? A. I think that was on a statement that was put in here.

Q. As I understood your testimony this morning, mining in the fields other than the Schuylkill is comparatively easy, is it not? A. No. The Schuylkill is harder than the other fields.

Q. They are comparatively easy compared to the Schuylkill, the mining in the Wyoming? A. I would rather put it the other way, that ours is harder than theirs.

Q. Theirs is easier than yours? A. Yes, sir.

Q. Is it not a fact that the Wyoming and the other fields, by reason of the less difficulty of mining, are much more nearly exhausted than the Schuylkill? A. They have a great deal of coal left, and, of course, that is the governing proposition.

Q. That is the fact, generally speaking, that by reason of the difficulties which you have so emphasized in detail this morning, of mining in the Schuylkill field, that miners are naturally more attracted to the other fields and have been in the past? A. Do you mean the workmen?

Q. The mining operations. A. Yes, sir; the operators.

Q. Have been more attracted to the other fields? A. Yes, sir.

Q. And the difficulties that you eloquently emphasized this morning have proved deterrents to operations? A. The mining, of course, in the Schuylkill has been deterred in a measure, of course, being more difficult.

Q. Is it owing to those difficulties that the various collieries that you spoke of this morning failed to make successful operations? A. Yes, sir.

Q. How many of these collieries were connected with the railroads? A. Only the Lehigh Valley.

Q. That was the only railroad colliery, was it not? A. Yes, sir.

Q. All the other collieries that failed were independent of railway connection or affiliation? A. Yes, sir.

Q. Does not that largely explain their failure? A. No, sir; I do not know how.

Q. You do not think it does? A. No.

Q. Has the Reading Company been successful in the Schuylkill district? A. We have some collieries that are difficult collieries, and some that are profitable.

Q. And some that are unprofitable? A. Yes, sir.

Q. What proportion of unprofitable collieries? A. It depends a good deal on the years and so on. Probably a quarter.

Q. Do you run them despite the fact that they are unprofitable? A. In the Schuylkill region, of course, collieries become profitable and unprofitable at certain periods. On account of heavy pitches, we have to have new lifts, and in the periods of develpoment from the time of opening those new lifts the expenses are heavier and the tonnage less.

Q. You are able, by reason of the wealth and power of

your company, to continue to run those collieries practically all the time, whether they are profitable or not? A. Of course we keep on going. One colliery helps another.

Q. How many collieries have you definitely and finally closed because they were unprofitable? A. I do not know that I could give you that. I would have to go over that to determine anthing like a proper answer.

Q. In anything like a very large proportion? A. In the time of the company there has been quite a number.

Q. And the lack of profit in those collieries is due to difficulties of mining? A. Difficulties of the veins in mining.

Q. You spoke of various technical matters this morning in connection with mining, and among other things you spoke of mining three-foot beds. Is it a fact that you are or are not mining three-foot beds in the Schuylkill district? A. There are three-foot beds worked and carried along with other mining. They could not be mined by themselves. And it is not mined as a general practice, but there are places where those three-foot veins are included.

Q. They can be mined where general operations are going on? A. If the vein has all the requisites of a good vein, White Ash, for instance, if the percentage of coal in the vein is good, and if the pitch is proper, if it maintains this character steadily, it might be worked with other propositions.

Q. There are a good many such veins worked, as a matter of fact, are there not? A. No; I would not say a good many. There are occasions where it is done.

Q. There are occasions where they are workable? A. Yes, sir.

Q. Have you made, or anybody in the employ or connected with your company, any estimate of your minable coal? A. I have never made any. There have been several estimates made.

Q. Will you tell me about those estimates, when they were made? A. One was made by General Pleasants in 1876.

Q. When was the next one made? A. One was made by Joseph S. Harris, in 1890.

Q. After that? A. That is all I know about.

Q. As far as you know, those were the only two estimates? A. That is all I know; yes, sir.

Q. Those estimates can you let me have, or your counsel? A. There is a published book of Mr. Harris's estimate, and General Pleasants' estimate was in one of the Company's reports, in 1876. As far as any papers, or anything on file, there is nothing on file to help them.

Q. Have you nothing on file to show how much minable coal the company owns? A. No, sir. Except those two estimates I spoke about.

Q. How do you explain the fact that a great company of that kind would not keep some inventory of its most valuable asset other than those two you have spoken of? A. As far as I am concerned, I have been the operating man for ten years, and my experience has shown me that the conditions are such in that territory that I could not make any estimate that would at all satisfy me as to what quantity of coal was in the ground. There are too many conditions that are uncertain, and that cannot be determiend. So that any estimate would simply be the most various kind of a guess, and would not satisfy me at all.

Q. Have no estimates been made for taxing or assessment purposes? A. In our region, because of the general recognition of the difficulty of arriving at any tonnage estimate, the tax is levied in our territory entirely on an acre basis.

Q. So that you are taxed on your coal bearing acreage? A. Yes, sir.

Q. Have you in any way averaged the value of those coal lands? How do you value them per acre? A. Of course, there is a considerable discussion over it, and finally some figure is arrived at.

Q. You could furnish us with those figures, showing the assessment value of your coal lands, lands owned or operated or leased by you? A. Yes, sir; we can do that all right.

Q. Do you remember off-hand, about what that is an acre? A. I would not like to state it. It is a variable quantity.

Q. Have you any way of averaging the coal to an acre of coal land—the quantity of coal in an acre of coal land? A. It would be so different in all the localities, and then the various veins would present a different proposition, that we never attempted to do that. There would be so many factors that you could not arrive at any satisfactory proposition. It would not be of any value to us after we had done it.

Q. What relation has the assessed value of the coal lands to their market value? A. The assessed value is supposed to be the value that each separate tract would sell at a forced sale. That is the law of Pennsylvania.

Q. So that the assessed value is very low is it not? A. Comparatively; yes, sir.

Q. It would be naturally at a forced sale? A. Where we have bought lands, we have bought at about the assessed value. The assessed value is supposed to be about sixty per cent.

Q. Then the basis of taxation is an assessed value of the land, which assessed value represents about sixty per cent. of the real or market value of the land? A. Yes, sir.

Q. In the old Reading case you testified, on page 706, fourth volume, "the price in the market on prepared sizes has advanced a dollar a ton, according to this statement, and the average cost of production from $1.82, in round figures, to $2.14, or 32 cents a ton on all sizes; is that right? A. That is from 1898? Q. Yes." That testimony was given in 1909. Since then the cost of production has advanced from $2.14 to $2.35? A. We have had an increase in labor, and we have an increase in material.

Q. That explains the difference between the $2.14 and the $2.35? A. And, of course, we have some harder conditions. It would be equated in those three things, higher labor cost, higher material cost and harder conditions at the mines.

Q. In other words, from 1898 to the present time the cost of production has increased 53 cents? A. If that is the correct figure; yes. I do not remember the figures.

Q. The price of coal wholesale at tidewater has increased from $1.30 to $1.80, has it not? A. I do not know. That is a question I would have to study out.

Q. I will ask you to say whether that is not a correct statement. It is the answer to question No. 58 Interstate Commerce Commission, Docket 4914. A. As far as the receipts are concerned, I would not have any way of knowing whether they were right or not. They would not come under my department.

(Mr. Reynolds stated that Mr. Brown would be able to answer this question.)

By MR. COUDERT:

Q. Is it within your department to know about improvements in mining during the last fifteen or twenty years? A. Yes, sir.

Q. Is it not a fact that there have been very great improvements in mining? A. Oh, yes.

Q. In the direction of conservation? A. Yes, sir.

Q. Is it not possible to save a great deal more coal than was done say twenty years ago? A. Mining was being done very well twenty years ago. Of course, it is constantly improving.

Q. Is the percentage of waste less now than it was then? A. No; not the percentage of waste. We cannot change that.

Q. Is the loss so great? A. Do you mean in the ground?

Q. Yes. Do you get more coal out of the ground? A. Yes, sir; there is more coal gotten out of the ground.

Q. More than you did then? A. Yes, sir. But, of course, we cannot change these conditions I spoke about. We cannot change the character of the vein, or anything like that.

Q. Is this a true statement, from your experience, "In the early history of mining in both the anthracite and bituminous regions the percentage of loss was consider-

ably more than half a ton for every ton mined." A. I think that is true yet.

Q. "In the anthracite region it is estimated by the Anthracite Waste Commission, which made its report in 1893, that the recovery was only forty per cent., or, in other words, a ton and a half was lost for every ton sold. At present the recovery in the anthracite region is from 60 to 65 per cent., so that conditions are reversed, and for every ton of coal lost a ton and a half is sold or used?" Is that true or not? A. I think 60 and 65 per cent. will be reached in the Wyoming region, in the flat veins. But in the heavy pitching country due to the top and due to the conditions I have stated of the different veins, we cannot do that.

Q. What would be the difference of that percentage between the Schuylkill and Wyoming region? A. I think that forty per cent. in our region would be high for the favorable veins. Of course, where the veins are very thick we would not reach that. Of course you understand that the greater stratification of waste in the veins in the Schuylkill region makes quite a difference.

Q. Is it true that the exhaustion in the anthracite region in Pennsylvania is probably equivalent to double the production? A. That I would not like to testify to now.

Q. But it is a fact that much coal is now saved that was formerly wasted, is it? A. Yes, sir.

Q. About how much per cent. would you say? A. I could not give percentages.

Q. Ten per cent. is what you said before, so I suppose that is correct? "I should say the question was what proportion was that of the total production to the whole. I should say that probably ten per cent. of what we are shipping now was then waste." A. That was a comparison between 1880 and 1909?

Q. Yes. A. That question was in answer to the sizes of coal. It was not in answer to the question of the production from the mine.

Q. How would that be now in regard to the size of the

coal, that saving, would that be greater now than ten per cent.? A. Let me see what that was in answer to. That was in regard to small size of coal, was it not?

Q. "Much of the coal that is now marketable and a valuable product was then a by-product and thrown out on the culm bank, was it not?" and your answer was "Only the very small sizes." A. Yes, sir.

Q. Then you go on to say, "I should say that probably ten per cent. of what we are shipping now was then waste." That would be true to-day, would it not? A. Yes, sir.

Q. Has that ten per cent. increased at all since then? A. No, sir. My answer refers now to the same thing, small sizes.

By Mr. Reynolds:

Q. It is not a generalization of the coal fields? A. No.

By Mr. Coudert:

Q. But you say, generally speaking, mining is now more economical or less wasteful than it was formerly? A. I think so.

Q. Is it growing so all the time? A. We are trying, of course, to produce those results. That is all I can say about that.

Q. Of course, that change in the mining would naturally affect statistics made sometime ago? A. Whatever that was, it would be that much different.

Q. Who determines to what extent your company shall work its collieries? Do you, or does the president determine that? A. The sales department advises what they can sell. Of course, as soon as they cannot sell the coal the thing dams up.

Q. That is to say, as soon as there is an overstock of coal you then discontinue the production? A. Then we have to slow up. We stop working a day, or something like that.

Q. Does that happen frequently? A. Quite often during the dull season.

Q. So just as soon as the market is dull, then you restrict the output? A. As soon as the market is saturated we have to stop.

Re-direct examination.

By Mr. Reynolds:

Q. November, 1912, the month for which the Government put in figures showing the cost of operation, was, I take it, following the April and May of 1912? A. Yes, sir.

Q. What condition existed in the coal regions in April and May, 1912? A. A strike.

Q. Did the collieries get running until the first of June that year? A. About the first of June. The 24th of May we started up, but it was the first of June before we got things going.

Q. It took you that time to get your water out and get things in shape to mine? A. Yes, sir.

Q. Do you recollect in a general way whether you were about as busy as you ever were in your life in that region for the first of June until six months thereafter? A. Yes, sir. That six months was the busiest time we ever had. There was a great demand for coal, and we were trying to supply the market.

Q. In November, 1912, can you recollect with enough definiteness to say whether or not that was or not the greatest month of production you ever had? A. I understood that. I have not got that in mind just now, but I would not be surprised if that were so.

Q. It was a very full month of production, was it not? A. Yes, sir. Of course, we were doing everything we could to produce.

Q. It was right as Winter was coming on? A. Yes, sir.

Q. Is the natural result of increasing the production in tonnage to simply make a large divisor into your ordinary expenses of running a colliery? A. There are certain fixed charges that remain the same. Other charges increase, but the certain fixed charges, of course, do not increase in proportion to the tonnage increase.

Q. Your taxes and all such constants would be divided by a larger divisor? A. Pumping and supervision and timbering and so forth.

Q. Would the natural result of that be to make the

quotient of the cost per ton smaller by several cents? A. Yes, sir.

Q. Is that a fair explanation of the apparent lower price in November, 1912 over the average for a year including Summer and Winter months? A. Yes, sir.

Q. You spoke of one company operation having been abandoned in the Schuylkill region. Was that the York Farm operation of the Lehigh Valley? A. The York Farm; yes, sir.

Q. How long was Blackwood Colliery, of the Lehigh, idle? A. Three or four years.

Q. That is now running again, is it not? A. Yes, sir.

Q. What company owns and operates the Pottsville shaft? A. The Reading Coal and Iron Company.

Q. That was among the failures, was it not? A. Yes, sir.

Q. Can you say from your general recollection, and generally, about what margin of difference there would be in the cost of production at an unfavorably situated colliery and a favorably situated colliery; that is, the difference between the minimum and maximum cost of production? A. It would run about $1.10.

Q. In the Schuylkill region? A. Yes, sir.

Q. As a matter of fact, is not the basis of the Pennsylvania tax law in fixing the assessment on each separate tract a figure representing what it would sell for at a *bona fide* public sale? A. Yes, sir.

Q. Those are the words of the act, are they not? A. Yes, sir.

Q. You spoke of Joseph S. Harris having made an estimate of the holdings of the Philadelphia and Reading Coal and Iron Company in 1880, I believe? A. Yes, sir.

Q. Are you familiar with an article that he wrote in 1892 on that general subject of anthracite supply? A. I have read it.

Q. Do you remember this statement of his in that article. "All that it is safe to say in regard to any prediction on this subject is that it will probably be falsified by the event? A. I remember it; yes, sir.

Q. Is that true? A. Yes, sir.

Q. As true to-day as it was when he wrote it? A. Yes, sir.

Re-cross examination.

By Mr. Coudert:

Q. Your counsel laid some stress upon the fact that the production for November, 1912, was 952,994.16. Is that a phenomenal month? A. That is a very good month, but it is not the highest month.

Q. And it is not so very much above the average? A. Yes, sir; it is a very good month.

Q. How many millions did you produce that year? It was over nine, was it not? A. Nine millions; yes, sir.

Q. How many did you produce last year? A. I think about eight or nine millions, I have forgotten what it was, but I think it was about nine million. But, there is a little difference between mining 750,000 tons a month and 950,000. Of course, when 950,000 is mined in one month in a nine million year, that means some other month is going to be less than the average.

Q. But you have had better months than that? A. Yes, sir.

Q. So that is simply a good full month? A. Yes, sir; it is a good full month.

Q. You always normally slacken in the Summer months, do you not? A. Yes, sir; in June and July, along there, and in August.

Q. You stated that Mr. Griffith gave you his papers and data. Do you know Mr. Griffith personally? A. Yes, sir.

Q. You had talked with him about it? A. I called him up and asked him for them.

Q. Did he know what you wanted the data for? A. Yes, sir.

Q. Did you tell him you wanted the data in order to discredit him? A. I told him that his estimate was introduced in this case, and I wanted to know how he arrived at it.

Q. You did not tell him, however, that you wanted his data in order that you might discredit his reliability, did you? A. I do not know that I said just those words. But, I would not get those data for fun when there was a law suit.

Q. What did you tell him you wanted it for? A. I told him I wanted to see it to see how his report was made up.

Q. Did he ask you why you wanted it, or for what purpose, or anything about it? A. No.

Q. All you did was to ask him for it and tell him you wanted to use it, and he gave it to you? A. Yes, sir.

Q. You did not tell him you wanted to use it to make any attempt at destructive criticism of his figures, did you? A. I did not have any long conversation with him about anything. I simply asked him for it, and he gave it to me.

Q. So you really obtained it from him without telling him what you wanted it for? A. No; I did not.

Q. You said you told him you wanted to introduce it in evidence? A. I told him his report had been introduced in evidence in this case.

By Mr. Reynolds:

Q. You told him you were going to use his figures in this case? A. Yes, sir.

By Mr. Coudert:

Q. You gave him notice that you were going to use that data to in reality uphold his figures when you were going to destroy his figures? A. No, sir.

Q. I ask you if you told him or intimated to him in any way that you desired that data for the purpose of criticising his estimate? A. I think that was the understanding, yes, to find out just how it was. I cannot remember just exactly the exact words that we exchanged. I do not propose to testify to exactly the exact words.

Q. As a fair minded gentleman are you convinced that Mr. Griffith understood from you when you requested his figures, that you desired to use them for the purpose of destructive criticism of him? A. I wanted to see how

his estimate was made up, to see whether it was accurate or not.

Q. Please answer the question.

(Question read to the witness.)

A. When I got those papers his understanding was I was to use them in any way I saw fit. That was my understanding.

By MR. REYNOLDS:

Q. And in connection with this case? A. Yes, sir.

By MR. COUDERT:

Q. Did you inform him that another witness in this case had been called by the Reading Railway for the purpose of criticising and discrediting his figures? Did you tell him that? A. No.

Q. You did not tell him that? A. No.

Q. Did you tell him you had been requested by counsel to examine his figures, with a view of destroying their reliability? A. He knows what I wanted them for. He knew my position, and what I was interested in.

Q. But you did not tell him they objected to him? A. I do not know that I said that.

Re-re-direct examination.

By MR. REYNOLDS:

Q. He did not assume that you were going to build up his figures, being on the side of the Reading? A. No.

Q. You told him his exhibit had been put in by the Government in this case? A. Yes, sir.

Q. He knew you were on the other side of the case? A. Yes, sir.

Q. You told him you were going to use his figures in this case? A. Yes, sir.

Q. In connection with his exhibit? A. Yes, sir.

By MR. COUDERT:

Q. And he sent them to you at once without any question? A. Yes; made them up and sent them to me.

Q. You have known him well for years? A. Yes, sir.

By Mr. Reynolds:

Q. He is still alive, is he? A. He was the last time I heard from him.

Q. And in the jurisdiction? A. Yes, sir.

Re-re-cross examination.

By Mr. Coudert:

Q. Did you pay him anything for his data? A. Yes, sir.

Q. How much did you pay him? A. $500.

Q. How did you agree on the terms? A. He just sent us the bill.

Q. He sent you a bill? A. Yes, sir.

Q. You called him up on the telephone and told him you wanted to use his data and he sent you a bill for that amount? A. Yes, sir.

Q. Did you ask him what the amount would be when you asked him for the data? A. Yes, sir.

Q. You paid it without any question? A. We have not paid it yet. We will pay it.

Q. Are you going to pay it? A. Yes, sir.

Q. You are not going to question it at all? A. No.

Q. So that you bought his data? A. That is for his services in getting it up for us.

Q. Have you ever paid him before or retained him? A. He has been employed by us before; yes, sir.

Q. In what connection? A. He was employed by us in a tax suit in Northumberland County.

Q. Tell me what he did for you there? A. He gave testimony as to coal lands and so on.

Q. Was that in court? A. Yes, sir.

Q. That testimony was given in Court? A. Yes, sir.

Q. He testified as to the value of coal lands? A. Yes, sir.

Q. You put him on as an expert for the railroad company? A. For the Coal and Iron Company.

Q. You had other experts? A. Yes, sir.

Q. And you relied upon his testimony to aid you to win your case? A. With others; yes, sir.

Q. And you paid him for that testimony? A. Yes, sir.

Q. Do you remember how much? A. No, sir; I do not remember what it was now.

Q. That was on one or on several occasions? A. On one occasion.

Q. Was that a matter of any importance? A. Yes, sir; some importance.

Q. Did you retain him on any other occasion? A. No, sir.

Q. On that occasion you retained him as an expert? A. Yes, sir.

Q. It was about what date? A. About six months ago.

Q. You had known him many years? A. Yes, sir.

Q. You had seen his reports in regard to coal lands? A. Yes, sir.

Q. And knowing him well and knowing his work, you retained him as an expert for the Reading Coal and Iron Company and paid him to testify as an expert? A. In that case; yes sir.

Q. That is a fact, is it not? A. Yes, sir.

CHARLES F. HUBER, recalled for further cross examination:—

By MR. COUDERT:

Q. Your counsel tells me that this statement you now produce was extracted from a report containing considerable other matter, which he thought had no relevancy to the case. State what that other matter was? A. It was a general report, in which he went on into the detailed description of land by openings and company houses, and the condition of the colliery improvement, and all that sort of thing, in connection with the physical condition of the property. This extract includes everything there was in the report pertaining to the acreage and tonnage.

Q. This is everything there was in the report? A. Everything that there was in the report pertaining to acreage and tonnage.

(Statement produced by the witness is as follows):—

"EXTRACT FROM REPORT OF P. W. SHEAFER TO CHARLES PARRISH,

"under date of May 9th, 1874, covering lands of the Lehigh and Wilkes-Barre Coal Company in the Wyoming Region.

"The coal lands in the middle and western portion of the Wyoming Valley cover an area embracing some thirteen thousand acres, known as the Wilkes-Barre lands:

"Owned in Fee		2320 acres
"Newport and Hanover		8600 acres
"Plymouth		600 acres
"Wilkes-Barre—leased	1335 acres	
"Plymouth—leased	1030 acres	2355 acres
"In all		13875 acres

"These lands are shown on the accompanying map, giving their length and breadth, also shows the location of the several collieries, railroads, river, areas mined, etc.

* * * * * * *

"The four coals above owned and worked in your several collieries have an aggregate thickness as follows:

"Hillman or Primrose	6 feet
"Baltimore or Mammoth	16 feet
"Ross or Skidmore	20 feet
"Red Ash or Buck Mountain	16 feet
	58 feet.

"The area covered by the above coal beds, measuring horizontally and taking no account of the undulations in the strata which add to the quantity averages, possibly, 13,500 acres. This great surface multiplied by the above thickness of 58 feet gives in cubic yards or tons, the enor-

motis amount of.....888,946,666 tons
Deducting for loss and waste in mining
and preparation, say.....388,946,666 tons

We have the great sum of.....500,000,000 tons

* * * * * * *

"I am very respectfully,
"Your obt. st.
"(Signed) P.W. SHEAFER,
"Geological & Engineer of Mines."

"POTTSVILLE, PA., May 9, 1874."

EXTRACT FROM REPORT OF JOSEPH S. HARRIS TO THE RECEIVERS OF THE LEHIGH AND WILKES-BARRE COAL COMPANY, UNDER DATE NOVEMBER 22ND 1877, COVERING LANDS OF THE LEHIGH AND WILKES-BARRE COAL COMPANY IN THE LEHIGH REGION.

"I present herewith a report showing for the Honey Brook Division:

"1. The present condition of the property.
"2. Repairs and improvements needed for 1878.
"3. Probable shipments for 1878.
"4. Relations to contiguous property owners.
"5. Future of the property."

* * * * * * *

"5. Future of the Property.

"In common with much of the coal lands in the Lehigh region, the time has come when we can predict with a good deal of accuracy the end of the coal production in this Division. It is true there is much of the property which has not been thoroughly explored, but with the exception of the northwestern part of the property, where good coal is known to exist on a limited area, I am not sanguine that we shall find much of value. In what I shall here say, however, I shall leave all the unworked portion of the property out of this account, and treat only of what is developed. I insert here a table showing what, under the most favorable circumstances, this property may produce."

Collieries	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	Totals
No. 1	80,000	80,000	80,000	80,000							320,000
No. 2	100,000	100,000	100,000	100,000							400,000
No. 4	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	800,000
No. 5	100,000	100,000	100,000	100,000	100,000						500,000
Yorktown					100,000	100,000	100,000	50,000			350,000
Totals	360,000	360,000	360,000	360,000	280,000	180,000	180,000	130,000	80,000	80,000	2,370,000

"Yorktown" is the coal which the N. Y. & Lehigh people are applying for

"This estimate assumes that the quarry at No. 2 turns out well, that the Wharton vein can be mined where the dividing slate is thin, and that the Yorktown property will be held by us and mined in connection with our existing works. If the contingencies named above turn out unfavorably, we may not realize more than 60 per cent. of this product, say 1,400,000 tons, and six or seven years will then see the end of the coal. When the coal is approaching exhaustion, if prices are as low as now, the production will be overburdened by the cost of pumping, and may have to cease before the coal is all mined. However, while all such estimates are from the necessity of the case only approximations, Receivers may take this as about the best that can now be made. I estimate also that this amount of coal will be thus divided:—

	Mammoth.		Wharton.	
Collieries.	Tonnage.	End of Shipment.	Tonnage.	End of Shipment.
No. 1	100,000	1880	220,000	1881
No. 2	100,000	1879	300,000	1881
No. 4	400,000	1887	400,000	1887
No. 5	300,000	1882	200,000	1882
Yorktown.....	230,000	1884	120,000	1885
Totals	1,130,000	1887	1,240,000	1887

"If Yorktown is sold or leased, and is promptly worked out (as it will then be), our Honey Brook Division will almost cease to produce Mammoth coal after 1882; but by retaining it we can, if it is so desired, keep up a fair proportion of Mammoth coal till the property is exhausted.

"It would be wise to have some *further examinations* made *of the undeveloped lands in the Honey Brook Division* during the year 1878. It may take several months to do this satisactorily and we should by the Fall of next year be in possession of such knowledge as we need to de-

cide on, and be ready to start, such improvements as may be justified by what we find. If the basin of which we have the eastern end at the northeastern side of our property, is as valuable and extensive as it is represented to be, Receivers may find it wise to lease what lies beyond our boundary, if it can be had, and commence to work the whole. Only one party should work that basin, and some of the owners of land adjacent to ours are in such straits for money that they would now make as favorable terms as we could ever expect. To get this matter into shape would take some time and trouble (and may not be feasible) as the ownership of the land is not clear. I call receivers attention to it as one of the possibilities of this Division.

"I am strongly of opinion that there should be hereafter *very little outlay for improvements in the Division.*

"No. 1 Breaker may go at almost any time in a gale of wind. I would run it so long as it does not endanger life, and then let it go, and send the remaining coal from No. 1 colliery to some other breaker for preparation. All the other breakers should, if not accidentally destroyed, work out the coal naturally tributary to them before they give out, and the same may be said of the machinery. I would build no new houses, and after three or four years (when we begin to fall off in our production) I would let the repairs on some of the old ones cease, looking to the fact that by the time our Honey Brook coal is exhausted all of the Beaver Meadow region will be worked out and there will be no demand for houses, and much of the population must migrate to find work.

"Yours respectfully,

"(Signed) JOSEPH S. HARRIS,
"Sup. and Eng."

LANSFORD, PA., NOV. 22, 1877.

ESTIMATE OF TOTAL TONNAGE IN LANDS OF LEHIGH AND WILKES-BARRE COAL COMPANY AS MADE BY W. J. RICHARDS IN 1894, AND LETTER OF TRANSMITTAL ACCOMPANYING SAME.

WYOMING DIVISION:		
Held in fee:		
Wanamie Lands	156,687,300 tons	
Hanover	413,470,450 "	
Wilkes-Barre	93,561,660 "	
Plymouth	31,311,863 "	
Packer Lands	4,266,000 "	
		699,297,273 tons
Held by lease:		
Wilkes-Barre and Hanover	164,705,850 tons	
Wilkes-Barre—Mining Rights	1,476,000 "	
Plymouth	19,168,397 "	
		185,350,247 "
Leased by Company to others:		
Wilkes-Barre, Hanover and Plymouth	28,840,150 tons	
Lehigh-Luzerne	17,424,760 "	
Sub-leased	10,885,400 "	
		57,150,310 "
HONEY BROOK DIVISION		40,849,701 "
Total		982,647,531 tons

(Copy of Letter Accompanying Above Estimate.)

WILKES-BARRE, PA., March 21, 1894.

Mr. E. H. Lavcall, Genl. Supt.

DEAR SIR:—Accompanying this I send you an estimate of the tonnages contained in the Company's several properties in the Honey Brook and Wilkes-Barre Divisions. The tonnages given represent the entire contents of the veins as they are in the ground as no allowance has been made for any losses that may occur in the mining.

Yours truly,

(Signed) W. J. RICHARDS,
M. E.

ESTIMATE OF MARKETABLE TONNAGE IN LANDS OF LEHIGH AND WILKES-BARRE COAL COMPANY AS MADE BY C. E. HUBER IN 1900.

	Total Contents.	Minable.
Lands Held in Fee:		
Wilkes-Barre City and Township	93,561,660 tons	36,113,522 tons
Plymouth	31,311,863 "	10,542,530 "
Hanover Township	413,470,450 "	172,476,695 "
Warrmie Lands	156,987,300 "	58,548,446 "
Packer Lands	4,260,000 "	1,780,253 "
Lands held under Lease:		
Wilkes-Barre City and Township	139,452,095 tons	55,662,652 tons
Hanover Township	25,253,755 "	9,999,304 "
Plymouth	19,168,397 "	6,833,118 "
Mining Right	1,476,000 "	611,997 "
Lands held in fee and leased to others:		
Wilkes-Barre, Hanover and Plymouth	28,370,010 "	11,337,000 "
Lehigh-Luzerne Lands	17,424,760 "	6,728,454 "
Lands held under Lease and sublet to others:		
Parrish Coal Co. and D. L. & W.	11,355,540 "	4,606,573 "
Honey Brook Lands.	40,849,701 "	16,339,880 "
	982,647,531 tons	391,570,424 tons

Q. Are the tax assessor's figures at the present time estimated upon present coal recovery? A. Yes, sir.

Q. That is about sixty per cent., is it not? A. Do you mean about sixty per cent. minable?

Q. Yes. A. No. I have not resolved it back into that.

Q. It is based on the present system of recovery? A. Yes, sir. System of mining.

Q. And there is a difference in the present system to the old system of recovery of about how much? A. I couldn't say.

Q. I understand it is twenty per cent.? A. I have no knowledge of that at all.

Q. You simply know it was based upon the present

recovery, and that the assessment took into consideration that fact? A. The assessment was based on the present system of mining.

Q. How do you carry your minable land on your books? How do you value it on your books? A. I do not recall absolutely, but I think all of the coal property, improvements and everything, are carried in one item.

Q. That is, all the minable land and improvements, and the whole thing? A. Yes, sir.

Q. Carried in one item? A. That is my recollection of it; yes, sir.

Q. Am I right in supposing that on the books of your company, the Philadelphia and Reading Coal and Iron Company, that no differentiation is made between the value of the minable lands as such and the improvements? A. I do not think there is. I could not answer that positively. The Comptroller could answer that better than I could.

Q. Have you got here the value of the whole thing, the improvements, the minable land, and everything? A. No; I have not. Those books are not kept in the operating department; they are kept in the accounting department.

Q. Will you let me have that assessed valuation? A. I think Mr. Johnson can furnish you with that.

Referring to the article of Mr. Joseph S. Harris in "The Forum" for 1892, referred to on the examination of Mr. Richards by Mr. Reynolds, the Government will reserve any right to put into the record at some time before the case closes any extract from that article.

Re-direct examination.

By Mr. Reynolds:

Q. What sort of basis was the first of these estimates made upon? A. The first estimate, which I have here is an extract from a report of P. W. Sheafer, made to Charles Parrish, under date of May 9th, 1874, covering lands of the Lehigh and Wilkes-Barre Coal Company in the Wyoming region. An analysis of this estimate shows

that Mr. Sheafer considered four veins, to which he attributed an aggregate thickness of fifty-eight feet. As a matter of fact, the accepted and established thickness of those veins in this territory is forty-three feet. Furthermore, he took those four veins and spread them over the entire acreage which the company owned, which was far from the true situation. In other words, only one of those veins extended over this area, and the other veins extended over a very much lesser area. He then takes the thickness of fifty-eight feet, and multiplying it by the total number of acres, gets a contents of 888,946,666 tons. He says in this report, "Deducting for loss and waste in mining and preparation, say 388,946,666 tons, we have the great sum of 500,000,000 tons."

Q. He came out exactly even? A. Yes, sir.

Q. How is that; a pretty good report? A. That report was nothing more than a wild guess. There is nothing in the situation to back up any such report as that. Of course, we have mined out since 1874 approximately 100,000,000 tons, and, if the estimate had been correct, there would be 400,000,000 remaining.

The second report was a report made by Joseph S. Harris.

Q. He was the man from whom we quoted a moment ago in the "Forum"? A. Yes, sir. It covered only the Lehigh land of The Lehigh and Wilkes-Barre Coal Company. In this report Mr. Harris works up in detail the tonnage variably, and predicts that by 1887 the property will be worked out. In fact, he says the entire Beaver Meadow region would be worked out, and he advises that no repairs be made to the houses, as the people would have to migrate to find work elsewhere. As the collieries are still in operation, I think that speaks for itself as to the accuracy of that prediction.

By Mr. Coudert:

Q. It was very conservative, was it not? A. Very much so. Coming down to the first actual estimate that was made, I find in looking over the record, that in 1894

there was an estimate made by the chief engineer of the company, which showed the total tons in the ground and not the minable tonnage. In fact, we have appended to that estimate a letttei of transmittal from the chief engineer to the general superintendent, in which he states that the tonnage as given represents the entire contents of the veins as they are in the ground, but no allowance has been made for any losses that may occur in the mining. I find further that in the year 1900, when I was chief engineer for the company, I took this estimate that was made in 1894—this estimate made by Mr. Richards, who was then chief engineer of the company in 1894—I took this estimate of Mr. Richards that was made in 1894 and reduced it to a basis of minable coal, and the result of that calculation was 391,570,424 tons. Those are the estimates of which I have a record, and which are in our files at the present time.

By Mr. Coudert:

Q. By "minable" do you mean recoverable? A. Yes, sir.

Q. What percentage did you use in estimating the amount recovered? A. I did not figure it in that way. I figured it by municipalities and localities. There are so many conditions entering into these properties, that any flat percentage would not lead to a correct result. For instance, this Wyoming territory takes in the City of Wilkes-Barre. This company owns approximately 2000 acres, under only twenty per cent. of which territory do we control the surface, and under the balance we are bound to support. That materially affects the percentage of coal that can be recovered. Likewise, in the Wyoming Valley we own a couple of thousand acres that are under the river, and the river wash, and we have river wash there to the depth of 300 feet in the valley before we reach any rock. Some of these veins crop. We mine to what we consider safe cover under these conditions. There is nothing possible but first mining and surface first mining in a territory of that kind, and we have to take all

those conditions into consideration in arriving at the percentage recovered in different localities. This estimate was made up with all these factors in mind, and that was the result.

Q. So you made a very conservative estimate? A. I tried to; yes, sir.

Q. If anything, you exaggerated those factors you spoke of? A. No; I do not think I exaggerated them. I think this estimate referred to, in the light of the experience up to that time, approximately what we could get out of the territory. Of course, it is possible that in the future, with more price for the coal, and being able to introduce artificial supports, or something of that kind, we might be able to get out more tonnage than that, but, those are the possibilities which are mere conjectures. I cannot say anything definite as to that at this time.

Q. What was the difference between your estimate and Mr. Harris' estimate in tons? A. Mr. Harris made no estimate of anything except of the Lehigh lands. That is the small end of this company's properties.

Q. What was the difference between your estimate and Mr. Richards' estimate? A. Mr. Richards' estimate was on coal in the mine; it included all the tonnage in the veins, 982,000,000. I took that very estimate and reduced it to the basis of minable coal, and that resolved itself into 391,000,000. We figure in that territory normally twenty per cent. mining and preparation loss. If you figure it back on that basis, it would mean that you would have to take out one-half of the coal in order to ship 391,000,000 tons to market to-day.

Q. Did you take Mr. Richards' figures as substantially accurate, in your judgment? A. Those were the coal in the ground. It had only been made a few years prior to the time of my estimate.

Q. You had no objection to him as an expert? A. No.

Re-direct examination.

By Mr. Reynolds:

Q. I understood you to say that it was fallacious and unscientific to apply a uniform standard of recovery coal in tons per foot acre even over so limited an area as the Lehigh and Wilkes-Barre land? A. It is absurd, if you are trying to arrive at a correct result. If you should by any such method get the correct result it would be a matter of accident.

Q. Even in one small property? A. Even in a small property.

Q. It would be to the nth power fallacious to apply any such rule to 485 square miles, would it not? A. It would not apply at all.

Re-cross examination.

By Mr. Coudert:

Q. So that, as far as estimates of minable coal go, the best and most accurate and most scientific you have or you know of is the one you have made yourself, is it not? A. No; I do not think that is a fair statement.

Q. Do you know of any better one? A. I feel in reference to this estimate that we are talking about here now, that the developments in the Wyoming territory are far in advance of what they are in the lower or Schuylkill territory. That is, we know more about the territory. It has been developed to a larger extent. The veins are more regular in their character and more constant, and I think that an estimate with some reasonable degree of accuracy can be made in that territory. I do not believe that an estimate in the southern field can be made at all with any degree of accuracy. They do not know enough about it. No one does.

Q. Your familiarity is mainly with the other territory, is it not? A. I have a general knowledge of the entire field.

Q. But more especially, I mean? A. More especially in the Lehigh and Wyoming; yes, sir.

Q. Is it a fact that the territories other than the Schuylkill, Wyoming and Lehigh, are being exhausted much more rapidly owing to the comparatively less difficult mining? A. It is a fact that in proportion to the area there is more mining being done in the Wyoming region than there is in either of the other two.

Q. And that has been so for years past, has it not? A. That has been so for some years, yes, sir.

Q. Is this a substantially true statement, "The Wyoming and Lehigh regions, it will be seen, although originally containing only thirty-eight per cent. of the total supply, had up to 1912 contributed approximately sixty-eight per cent. of the anthracite coal. As a result, it is estimated that at the present rate of production, the Wyoming region will be completely exhausted in forty-one years, and the Lehigh region in sixty-three years." A. I do not know whether that statement is correct or not. I do not know on what that statement is based.

Q. Would you think that the Wyoming region at the present rate of mining would be completely exhausted earlier than the Lehigh region? A. No, sir.

Q. Would you think it was the other way? A. I should think the Wyoming region would last longer than the Lehigh region.

Q. You think then the Lehigh region at the present rate of mining would be the first to be exhausted? A. I will not say that either. I will qualify that, because the Panther Creek lands of the Coal and Navigation Company enter into the Lehigh region, and there is so little known about those lands, that there is an element of doubt in there that nobody can figure on.

Q. In your own opinion, will both the Wyoming and Lehigh regions be exhausted before the Schuylkill? A. I would not want to even say that.

Q. You have not any opinion about that? A. No; I have not.

Q. Do you know, as a scientific man, and as an engineer, whether there is a current opinion among the mining experts on that question? A. It has been generally assumed that the Schuylkill region would be the last region, and that has been based on the estimates that Griffith and these other people have made?

Q. What is your own opinion about that? You are an expert? A. My own opinion of it is that Mr. Griffith very much under-estimated the Wyoming field and very much over-estimated the Schuylkill field. That is my opinion.

Q. The current opinion is based upon the easier or more rapid mining, is it not, in the Lehigh and Wyoming regions? Is not the current opinion based on that as well as on any figures? A. I do not know. I cannot answer for current opinion. I do not know whose opinion you refer to.

Q. I mean the one you referred to as a general opinion that the Schuylkill will outlast the other two? A. No. If there is any opinion of that kind, I think it has been influenced by these reports that have been gotten out just as this report of Griffith's.

Q. Would not the easier mining in the two other fields be a factor? A. Do you mean in their more rapid exhaustion?

Q. Yes. A. It probably would, yes. That would all depend on how much of the total minable coal was taken out.

Q. But it is so, that the mining is easier there, and it has been a more tempting field?

A. Yes, sir; but there will be a higher percentage of the total coal recovered in that field.

W. C. JOHNSON, recalled for further cross examination:

By MR. COUDERT:

Q. Referring to the table I show you in the record, being a statement of the total annual production of anthracite

coal in Pennsylvania shipped to market showing in groups production of large interests including the independent operators what do you mean there by "individual operators mining?" Do you mean in the sense of the operators who are so-called independent? A. Yes, sir.

Q. That is, independent of the railroad companies? A. Yes, sir.

Q. Are Forty-Fort and Simpkins and Watkins and Sterrick Coal Company Temple Iron collieries? A. I believe they are Temple Iron collieries.

Q. Is not the Elk-Hill bound up to the Pennsylvania Railroad in some way? A. I do not think so. I am not positive.

Q. What do you know about the Pardee Companies, the three of them, how independent are they? Are they not bound up to the Lehigh Valley? A. I do not think they are. I am not positive though.

Q. You do not remember about that? A. They are not.

Q. How about Dodson & Co.? A. They are free.

Q. Did they lease their lands from any of the railroads? A. I do not know.

Q. Did not Dodson & Co. lease from the Reading? A. I do not think so. I do not know their land. I do not know how they got it.

Q. So some of these that you term independents may have leased their land from the railroad? A. Yes, sir; possibly so.

Q. You could not point out to me in that list of companies those which lease land from the railroad companies? A. No; I could not. I think the West End lease from us. They are all over.

Q. So you really do not know what the relations of these various companies are with the railroad companies? A. No.

Mr. Reynolds offered in evidence from the old case testimony of Charles E. Henderson, who testified on April 27th, 1909, as follows:—

Testimony of Charles E. Henderson, a witness called by the defendants in the old suit (Volume IV, page 542 and following), April 27th, 1909.

Direct examination.

CHARLES E. HENDERSON, having been duly sworn, was examined as follows:—

By JUDGE CAMPBELL:

Q. Where do you at present reside? A. Talbot County, Maryland.

Q. You are now retired from active business, and are simply a plain farmer? A. Yes, sir.

Q. Not in too much detail, kindly give us a general idea of your railroad experience. A. My first experience in railroad business was clerk at the station at Fort Scott, Kansas, on the Missouri River, Fort Scott and Gulf Railroad, in 1870. Next after that I was chief clerk to the General Freight and Passenger Agent of the same road. Next after that I was chief clerk for the general superintendent of the same road. This general superintendent was also superintendent of the Leavenworth, Lawrence and Galveston Railroad, at Kansas City, Missouri. During the time I was chief clerk, I was in charge of the accounting department of the Leavenworth, Lawrence and Galveston Railroad. When I left there I was prospecting routes for the line that is now the Kansas City and Memphis Railroad, part of the Rock Island road. Next after that I was general freight and passenger agent of the Atchison and Nebraska Railroad. After that I was auditor and cashier of the Indiana, Bloomington and Western Railroad, at Indianapolis, Indiana. After that I was assistant general manager of the same road, in charge of its whole business, the president being located in New York. For eleven years I was general manager of the same. Intervening between the time I was general manager of that road, I was Receiver of the same road. I was incidentally, however, at the same time manager of both roads. I was general manager of the Ohio Southern Railway for twelve years. On reorganization after the

receivership of the Indiana, Bloomington and Western Railroad, I was general manager of the reorganized company, the Ohio, Indiana and Western. That covers my railroad career up to the time that I came East as general manager of the Philadelphia and Reading Coal and Iron Company, in December, 1889.

Q. So that from 1870 down to date you have been continuously in the railroad service, and during that period covering all its branches? A. Yes, sir.

Q. Of what departments of the business of the Philadelphia and Reading Coal and Iron Company were you placed in charge when you came here in December, 1889? A. I was in charge of its mining operations and of its sales.

Q. How about credits and collections? A. Being in charge of sales, necessarily carried its credits and collections.

Q. You did, in fact, have charge of the credits and collections? A. I did. The accounting officer reported to the president of the company, as most of those accounting officers in the East do, and, of course, the collections came through the treasurer and secretary, but, necessarily, I had to have charge of the credits when I had charge of the sales.

Q. There was a change in the organization of the official status of the Philadelphia and Reading Coal and Iron Company in 1892 was there not? A. I do not know to what you refer.

Q. There was a new vice-president introduced, was there not? Mr. Harris became vice-president? A. Yes, sir. Mr. Harris became vice-president of the Coal and Iron Company. I do not recollect distinctly the date.

Q. What department did he take charge of and relieve you to that extent? A. Mr. Harris took charge of the mining operations. The general superintendent who theretofore reported to me, reported to him. I remained in charge of the sales department.

Q. Do you recall the appointment of the Receivers subsequent to that date, in February, 1893? A. I do.

Q. Did you continue in the service of the Receivers during their incumbency? A. I did.

Q. Under the same title of general manager? A. Yes, sir.

Q. After the foreclosure and sale of the Coal and Iron Company you continued in the same service for the new reorganized company up until a later date? A. I did.

Q. When were you made first vice-president of the Coal and Iron Company after the Receivership? A. October 1st, 1903.

Q. You continued in that position until when? A. April 2d, 1906.

Q. When did your service with the Coal and Iron Company terminate? A. April 2d, 1906.

Q. When you resigned? A. Yes.

Q. Upon the foreclosure and sale of the properties of the old Philadelphia and Reading Railroad Company, and their investiture in part in the new Philadelphia and Reading Railway Company, as appears by the record, what position did you take with the Railway Company? A. I was elected second vice-president of the Railway Company October 25th, 1896, and placed in charge of its freight traffic.

Q. How long did you continue in the service of the Railway Company as its second vice-president? A. To May 1st, 1908.

Q. Since that time you have been a farmer? A. Yes, sir.

Q. During your service as general manager of the Philadelphia and Reading Coal and Iron Company, and of its Receivers, who was the official who had immediate charge, under the president and the Receivers, of the subject of issuing price circulars and announcing to the trade the prices at which the coal produced should be sold, and the prices at which it was sold? A. They were all issued under my direction, over the signature either of the line sales agents or the general coal agent.

Q. Were those subjects of prices determined by yourself and the management and in consideration of what

circumstances and conditions? A. They were determined by myself. Of course, no great variations were made without consulting the management, the president, who was, of course, the final officer, and the Receivers, in the case of the Receivers.

Q. What circumstances and conditions of cost and trade and demand entered into your determination in fixing those prices, if anything? A. When I came to the company, its operations were conducted at a loss. Effort was made to obtain a fair and reasonable profit. Its business was at first in a very unsatisfactory shape. I thought first as to the credits. There was a large amount of money outstanding in notes. Credits, some of which I thought were unreasonable, were limited and restrained. The prices at which the coal was sold was, I thought, on an irregular basis. Prices were not maintained to a reasonable figure, and effort was made, of course, to correct what I thought were abuses, and to try to get the business on more reasonable and proper basis.

Q. What had the elements of cost and market conditions to do with the determination of that policy that you acted on? A. When the business was conducted at a loss, very naturally, an effort was made to conduct it at a profit, if possible.

Q. Were or were not the conditions of the market, and the element of cost of production, matters of consideration in determining what should be done to establish the business on a basis of obtaining a fair and reasonable profit? A. Necessarily, the element of cost entered into the question.

Q. It was the prime factor, was it not? A. It was.

Q. Did this condition of conducting the business at a loss prevail during the Receivership, or any part of their term of office? A. It did.

Q. It is in the record that the Receivership began in February, 1893, and continued until the 1st of December, 1896. Do I understand you to say that during a large portion of this period, or all of it, or part of it, the busi-

ness continued to be conducted at a loss to the Coal and Iron Company? A. During a part of the Receivership it was conducted at a loss. There might have been some special periods when it was conducted at a profit, but, on the whole, it was conducted at a loss.

Q. Have you in your mind the substantial figures which represented the losses of the Receivers of the Coal and Iron Company during their operations? A. I do not carry those figures in my memory. It has been a long time.

Q. It is a large amount? A. A large amount.

Q. Would it amount to as much as $3,000,000, according to your recollection, or do you not recollect? A. I should think it would be somewhere from one to two millions of dollars during the Receivership.

Q. Do you know how the Receivers met that loss? A. The Coal and Iron Company was unable to pay its freight bills to the Railroad Company. They remained unpaid.

Q. So that the Receivers of the Railroad Company had in their debits to the Receivers of the Coal and Iron Company the aggregate of that loss at the termination of their administration? A. They had.

Q. Did that condition prevail to any extent after the reorganization, after the transportation of coal was conducted by the Philadelphia and Reading Railway Company? A. Not to any extent ordinarily after that date. The Coal and Iron Company was able to pay its bills to the Railway Company.

Q. Did it pay them all ultimately? A. Yes, sir.

Q. You know as a fact, do you not, that the Coal and Iron Company has always paid its freight during your administration of the Coal and Iron Company and of the Railroad Company? A. You mean since the Receivership? Yes.

Q. I say the Reading Railway Company? A. Yes.

Q. During your administration, covering both periods, what efforts, if any, were made to extend and enlarge the markets for the coals produced from the coal operators? A. Every possible effort was made to extend and enlarge the business.

Q. In what regions? A. In every direction, but more especially New England and in the West.

Q. What with respect to dock properties operated by the Coal and Iron Company, say, for instance, in New England? A. They have a railroad dock property at Newburyport, another one at Salem; we leased a wharf in Boston; we had one at New Bedford; we had a commercial office in Boston, and traveling sales agents throughout New England.

Q. All points accessible to the coast? A. Yes, sir.

Q. Was there any effort made to increase and enlarge your all-rail trade? A. Yes. There was an effort made to increase the business over the New York, New Haven and Hartford Railroad, all-rail. It went by way of New York.

Q. Any all-rail business done through the northern railroads of New England, Boston and Albany, Boston and Maine, and so forth? A. There was a very small business done by the Poughkeepsie Bridge route.

Q. Before it came under the control of the New York, New Haven and Hartford? A. Yes, sir.

Q. How about the trade in New York City? A. Every effort was made to increase the trade in New York City that was possible. The Port Reading road was built just about the time I came here, and its business was developed as rapidly as it was possible to do so. The shipping facilities there were increased constantly, and the trade constantly increased.

Q. How about other points in New York, such as Buffalo, Rochester, and Canadian points? A. Almost immediately after I was appointed I made a trip to the West. The business of the company had been conducted through commission agents. On my return I reported it in an unsatisfactory condition. The business was taken over from these commission agents, and the properties that they used were acquired by lease, and agents appointed at Rochester, Buffalo, Chicago, Milwaukee, Minneapolis and Superior.

Q. Speaking of Superior, on the south side of the

western end of Lake Superior, is it not? A. It is at the extreme western end of Lake Superior, opposite the city of Duluth.

Q. And commands the business of the city of Duluth, as I take it? A. More or less, yes, just across the river or bay.

Q. Was this done with the result that you were in active competition for the increase and enlargement of your trade throughout all the accessible territory? A. Yes, sir.

Q. How about Baltimore and Washington? A. We had agencies in Baltimore and Washington, and made every effort to do the business of those places, and actually did about sixty per cent. of the business of Baltimore and Washington.

Q. During your administration was there not a very considerable enlargement and increase of your trade throughout all these territories? A. There was.

Q. Did these efforts continue down to the termination of your administration? A. They did.

Q. I would like you to give, with as much detail as you can without encumbering the record too much, the history of the construction of the storage yards on the line of the Philadelphia and Reading Railway established by the Coal and Iron Company, and the motive therefor. A. Shortly after I came to the Coal and Iron Company, as an illustration, I found Pea coal in Philadelphia in the early Summer months selling at sixty cents a ton. That same Fall I found they could not fill their orders at a dollar and twenty-five cents a ton. It seemed a sheer waste to me, and I thought that some provision ought to be made to carry that coal from the dull season to the active season for that size of coal. We estimated that that coal could be dumped and picked up again for say twenty-five cents, steam sizes, because there was comparatively little waste in that. Perhaps the prepared sizes would make a little more waste. As a commercial proposition it seemed manifest to me that that was a wise thing to do. I took it up with Mr. McLeod, and went to the region, took the general

superintendent and looked around for favorable places to make storage yards. We found one on a hillside at Mahanoy City, and another one at Schuylkill Haven.

Q. Before you leave Mahanoy City, state whether that yard was also employed at that time for the trans-shipment of coal in box cars to go West? A. It was; yes. That yard had been in existence for trans-shipment, and for having coal that was not prepared up to the standard, taken to a place where it could be prepared up to the standard. That was in existence, with a capacity of forty thousand tons. We immediately increased that to two hundred thousand tons, and built the Schuylkill Haven yard with a capacity of about two hundred and fifty thousand tons. It seemed wise commercially; that is, we could get a better price for the coal, but more than that, it enabled us to free the cars and to mine more economically and more regularly.

Q. How about other later developments in the line of establishing storage yards? A. These yards took care of the stored coal reasonably well, because they were afterwards both of them increased in size, and Schuylkill Haven to a capacity of five or six hundred thousand tons. But, owing to the difficulties of transportation which in later years was brought about by shortage of cars and increase of traffic on the road, it seemed desirable to have more of this coal nearer to destination, and, in later years, 1903 or 1904, a storage yard was built at Abrams, about twenty miles up from Philadelphia on the Schuylkill River, because it would be more accessible for bringing into Port Richmond and transporting into vessels, and for distribution generally.

Q. And at a point also, was it not, where the coal could be diverted? A. It was put at Abrams because it could be sent from there to Port Reading without being hauled back on the main line.

Q. What is the capacity of that yard? A. About three or four hundred thousand tons. It has been enlarged somewhat since I left.

Q. While primarily these yards were established for the

care of by-products when they were not marketable so as to allow the mines to go on and produce coal that was marketable, other coals besides smaller sizes have been in store, have they not? A. The storage yards carry perhaps as much prepared coal as they do steam sizes. The case I used was an illustration. The active season for prepared or domestic sizes is in the Fall of the year when the cold weather sets in. The dull season for those sizes is in the Spring and Summer months, and the steam sizes run practically regularly throughout the year, so that the dull season for one size is generally the active season for some other size, and coal is going in and out of those yards practically throughout the year.

Q. According to the demand for the coal? A. Yes, sir.

Q. As a corollary to this subject of storage, I would thank you to state what was done by the Coal and Iron Company to equalize the operations of the mines throughout the year rather than to be pressed beyond their capacity in what you call the active season? A. Through all the period of which I have any knowledge of anthracite transactions there has been a lower price in the Spring of the year, when the season was dull, than later throughout the year. That lower price in the earlier season of the year was for the purpose of inducing the users of coal to lay in their supply earlier in the season, in order that the mines might run more regularly throughout the year, and should not be neglected in one season and overpressed in another season. That was done in the earlier period of my experience in what I deemed a disorderly way. I thought it was always desirable that there should be some estimate made of what would make the equivalent to a purchaser of coal of buying it in the Spring and keeping it until the Fall when it would go out to his customers and one or two of the other gentlemen and I took some pains to figure up what would be fair, what would induce people to lay in their supply in that way and enable the mines to run more regularly throughout the year, to conduct their operations more economically, and to keep an adequate supply of coal on hand at all times without un-

due lowering of the price at one season of the year and an undue raising of the price at other seasons of the year, which we thought was certainly to the interests of the railroad, and certainly to the interest of the miners and coal companies, and felt also that it was in the interest of the public.

Q. Was this plan considered by your management? A. Yes. Mr. William H. Sayre and I talked it over first, and then I presented it to our management, and they thought it was wise to do it, and we put it into effect.

Q. What was the result? What do you refer to as having put into effect? A. This plan of regularly increasing the price, as has been done for the past few years.

Q. You mean reducing the price on the first of April? A. Reducing it fifty cents a ton on the first of April, and advancing it ten cents per ton each month until the Fall season, when the active trade was resumed and normally took up the supply of coal. The plan seemed to work to the satisfaction of everybody, and so far has continued.

Q. It is charged in the Government's petition that your company and others, or the corporations which control them, have entered into a combination and conspiracy to advance the price of coal and maintain it in an arbitrary way. While you were the executive officer in charge of this business was there ever any communication made to you by anybody else of the existence of any such combination or conspiracy? A. I have no knowledge of any such.

Q. None was ever communicated to you either from the inside or the outside? A. No, sir.

Q. And the prices which have been fixed by you in consultation with the management, and maintained by you in pursuance of the policy which you have described, has been the policy of your company independent of any understanding or arrangement or agreement with anybody else whomsoever? A. The prices were not maintained by us.

Q. But those that were obtained? A. They were simply the result of business judgment, and not as the result of a conspiracy at all.

Q. Of your own business judgment, the business judgment of your own company, your own management? A. Yes.

Q. So far as the mines of the Philadelphia and Reading Coal Company, it is in testimony already that they are tributary wholly and only to the Philadelphia and Reading Railway? A. There are only three or four of them that have any physical connection with any other railroad. Morea is one. That is connected with the Pennsylvania and the Lehigh Valley. Also the Lytle has a similar connection The Pennsylvania line has connection, one side of the track, and we have of the other Silver Brook has a connection with the Lehigh Coal and Navigation Company's tracks

Q. In respect to those collieries you have mentioned, Morea, for instance, the shipment of those coals is determined by the property ownership of the lands. Some of the companies connected with the Pennsylvania system are worked from that colliery, some of the Lehigh Valley's properties are worked from that colliery, and some of the Coal and Iron Company's properties are worked from that colliery? Is not that a fact? A. I do not think the Pennsylvania Company has any connection with the Morea. That is, Weston and Dodson's mine.

Q. If they desire to ship to points on the Pennsylvania Railroad? A. They do ship in all directions. There are three or four collieries.

Q. There are properties of the Coal and Iron Company operated from that colliery? A. Yes, sir. There are gangways of their mines that go into some properties of the Coal and Iron Company, which adjoin.

Q. And some properties of the Lehigh Valley Coal Company? A. I am not sure whether that is Weston and Dodson.

Q. That is the only colliery with the exception of the Lytle, which you have particularly mentioned? A. Lytle is owned one-third by the Pennsylvania Railroad Coal Companies, and the Philadelphia and Reading Coal and Iron Company own one-third of it.

Q. The ownership of the land controls the movement of the tonnage? A. An operator, when he mines coal of one of these coal companies ships it over the railroad with which it is affiliated.

Q. Do the leases cover that matter? A. The mining leases are usually made on that basis.

Q. You referred to the Silver Brook? A. The Silver Brook is practically exhausted now.

Q. Silver Brook colliery lies up at Lofty. Silver Brook colliery is not on the Schuylkill Valley branch at all, but is on a little branch railroad to Lofty? A. Yes, sir. But its traffic comes down.

Q. Silver Brook colliery has been abandoned some time since, worked out? A. Yes, sir.

Q. There is no coal comes down there? A. No, sir. The Lehigh Coal and Navigation Company owns lands between Tamaqua and Pottsville or Port Carbon on the line of the Schuylkill Valley branch, about half way between Tamaqua and Pottsville. They have a running right over the lines of the Reading Railway, by which they carry that coal from these collieries on this line with their own engines to their road at Tamaqua and thence carry it to destination by way of the Central Railroad of New Jersey and its leased lines of the Lehigh and Susquehanna, which belong to the Lehigh Coal and Navigation Company.

Q. That applies also to Alliance, that is not in here? A. Yes, sir. Alliance and Mary D. There are three collieries in there.

Q. On the lands of the Lehigh Coal and Navigation Company? A. Yes, sir. Kaska William is near Middleport on the branch between Tamaqua and Port Carbon. Mary D. is on the lands of the Lehigh Coal and Navigation Company, leased to Doctor Wentz's individual operation, who used to operate Silver Brook.

Q. With the exception stated, do the defendants, the * * * Central Railroad Company of New Jersey, * * * reach any of the collieries of the Coal and Iron Company or the collieries located on the lines

of the Philadelphia and Reading Railway Company? A. With the exceptions stated, none of them have physical access to the collieries located on the roads mentioned.

Q. None of them are, or never have been competitors of the Philadelphia and Reading Railway Company for the traffic originating at those mines? A. Not for the carriage of that coal; no.

Q. Does the Philadelphia and Reading Railway Company reach any of the collieries located on the lines of the Panther Creek Railroad or other lines of railroad of the Lehigh Coal and Navigation Company or the Central Railroad Company of New Jersey? * * * A. With the exception stated, the Philadelphia and Reading Railway Company has no physical connection of its own lines with any of those lines mentioned.

Q. They are not competitors? A. Not for the carriage of the traffic on the lines of each other.

Q. They are not then competitors of each other for the anthracite coal traffic originating at the collieries on the lines of each other in the anthracite coal regions? A. No; they are not competitors for the carriage of that coal traffic.

Q. The competition that does exist in respect of this anthracite coal is the competition in the various markets of the producers of the coal with each other? A. It is a competition of markets.

Q. It is wholly a competition of markets and not transportation? A. That is correct. With the exceptions noted—rather exceptions.

Q. Those conditions are not competitive as you describe them, are they? A. A few thousand tons of coal owned by individual operators may be shipped by one or two roads that have access to the same mines.

Q. That is insignificant? A. Very insignificant; not a quarter of one per cent. of the total production.

Q. The few individuals are those whom you have named? A. Yes, sir.

Q. And under the circumstances which you have men-

tioned? A. Yes, sir. I mean the exceptions noted at Morea. There is a little coal that is free to go by the Pennsylvania Railroad, or the Lehigh Valley Railroad, or the Reading Railway Company from Morea.

Q. That is governed by property conditions so far as the Philadelphia and Reading Railway Company is concerned? A. Partially so. It is so insignificant that it cuts no figure in the real competition.

Q. I want to call your attention to your knowledge of the coal regions generally, regardless of the Philadelphia Coal and Iron Company's properties, I mean the coal regions tributary to the Philadelphia and Reading Railway Company, and I will thank you to give a brief general description of the method and manner of gathering coal from the mines to the trunks and thence to the scales where they are weighed and shipped, and give some account of the difficulties and expense of gathering the coal and bringing it to the point where it enters upon its final journey for the service of transportation. A. The most distant colliery from the weighing scales of the Philadelphia and Reading Coal and Iron Company is North Franklin. The distance that that coal goes to the weighing scales, when it comes from the Mahanoy Plane is about twenty-five miles to St. Clair weigh scales. It is gathered and goes to the Shamokin yard, and is thence handled to the foot of Mahanoy Plane, a distance of about fifteen miles.

Q. In process of its travel from the Shamokin yard to the Mahanoy Plane, what obstacle does it overcome, and how must it be handled? A. The engine which brings it from Treverton to Shamokin carries it to Shamokin yard. It is then carried up a steep grade to the top of the hill east of Shamokin. It is then handled by way of Ashland and Gordon over very steep grades, usually two or three engines used to carry a train load of about twenty cars, and it is carried to the foot of Mahanoy Plane and shifted so that the Plane engines can catch the car. Usually they take two or three cars to the top of the Plane, an ascent of five hundred feet in a distance of less

than a mile, and when it gets to the top of the Plane it has to be shifted into trains, and is carried down Broad Mountain, and is put in the yard at St. Clair, and passed over the weigh scales, and then put into a yard below St. Clair, and that is its billing point. It is then billed to its destination.

Q. That is the first time at which its destination can be determined? A. Yes.

Q. Where it shall go? A. Yes. The orders for its distribution are given to weigh scales. The weight is not determined until it goes to the weigh scales. In most of the other regions the collieries have scales at the colliery, but in the case of the Reading the coal is concentrated at the weigh scales. It is often handled two or three times on account of there being steep grades and a very mountainous region. Then it is billed from the weigh scales to whatever may be its destination. The orders for the distribution of the coal are sent to the weigh scales.

Q. So that the actual service of the transportation to the market begins at the weigh scales? A. The actual calculation for the rates per ton per mile begins at the weigh scales. A service is performed before this coal comes to the weigh scales, which is very difficult on account of the mountainous character of the country, and the cost of gathering it to the scales, is, in many instances, greater than the cost of transporting it from the weigh scales to its final destination. Particularly is that the case when it comes to the point at Port Richmond.

Q. Does that remark apply to all the collieries which lie west of Locust Summit? A. Yes.

Q. How many of them are there in there, both individual and company collieries? A. About ten west of Locust Summit altogether, large and small. As you come nearer to the scales the handling is of a less distance and it is not handled so many times, but it is repeatedly handled.

Q. East of Locust Summit on the main line over which this coal is carried from west of Locust Summit in the

Shamokin district, are there many operations tributary without coal branches, or not? A. There are several of them on the main line. Most of them are on branches.

Q. I mean between Locust Summit and Ashland, and the foot of the Plane? A. There are several operations.

Q. What are they? A. They all have switches of greater or less length.

Q. That do not have coal branches proper, I mean. Are there any? A. St. Nicholas is on the Mahanoy line. Alaska is on the main line.

Q. Alaska has to go over Locust Summit? Alaska is slightly east of Locust Summit. It goes up a very steep grade from Ashland to Girardville and Mahanoy Plane.

Q. There is another summit east of Locust Summit? A. Yes, sir. The grade from Gordon up to Girardville. I do not know the number of feet to the mile, but I should say over a hundred feet to the mile at least up to Mahanoy Plane.

Q. Eliminating those which have to pass over those grades and between the foot of the grade and the foot of the Plane, are there any material operations which will govern your statement as to the relative cost of gathering? A. All of those, even that are at the foot of the Plane, have to be handled several times, because they have to be switched to the Plane, hauled over the Plane, switched into trains, carried down the mountain, shifted into the yard, weighed, shifted again to be put into trains to be carried to final destination.

Q. Give some description of this Shenandoah branch on which many collieries are located. A. Shenandoah branch collieries shift around the point of the mountain, reaching the main line just slightly east of Bear Ridge, and then go eastward on the main line to the foot of the Plane, and then go through the same process of going up over the Plane, shifted for the Plane, shifted from the Plane, carried down the mountain, put into the yard, weighed and so forth.

Q. What sort of a curvature is there on that Shenandoah branch? A. The curvature is rather sharp, but, so

far as bringing the loaded cars down the Shenandoah branch main line, that grade is down hill.

Q. It is favorable to the traffic? A. Yes, sir.

Q. How is it about the reverse direction for distributing the empties amongst the collieries? A. It is a very steep grade, as all the grades are in the region, being very mountainous.

Q. And expensive to operate? A. Yes.

Q. After the coal gets down to the main line, the same process of handling to the Plane and over the Plane has to be gone through with that you have described in respect to the coal coming from west of Locust Summit? A. All the coal north of the mountain, which is two-thirds of the total amount produced by the Philadelphia and Reading Coal and Iron Company, has to be handled over Broad Mountain, over the Mahanoy Plane, and handled as many times as heretofore described.

Q. That applies also to the few collieries that lie east of Mahanoy City and east of the foot of the Plane? A. Yes. The coal from collieries east of the Plane is carried westward to the foot of the Plane and then carried over the Plane in the same way as those west of the Plane.

Q. Go down to the other side of the Broad Mountain and get into Minersville and Lebanon and Tremont district, and describe the movement of the coal as it comes to the Cressona yard? A. The most distant collieries there are Brookside, West Brookside, Goodspring and Lorberry. They are about fifteen to twenty miles from Cressona yard, which is just a connection with the main line from Pottsville. There are eight or ten collieries between Tremont and Cressona yard on branches in the south of the mountain region. Cars from all these collieries are collected and carried to the Cressona yard. They are handled with somewhat less difficulty than those north of the mountain, because the grades are, in most instances, downhill to Cressona or Schuylkill Haven yards.

Q. But the reverse service for the empties —— A. The reverse service for the empties is in several instances even more difficult than it is on the north side.

Q. How about the Lincoln Colliery, and the long coal branch, the high curvature that leads to that? A. Lincoln Colliery is quite difficult of access for empty cars. They can only carry to it five or six empty cars with one engine.

Q. In getting this coal to the markets kindly put on the record the number of different kinds or qualities of coal, and the number of sizes of coal which it will make by multiplying the two. A. This is shown already by the records, that there are nine sizes of coal. Hard White Ash, Free White Ash, Lorberry, Lykens Valley, Red Ash and Shamokin.

Q. Taking the two together, both as to size and other varieties, how many varieties of coal are there to be handled at the yards or scales? A. There are six kinds in nine sizes.

Q. That makes fifty-four different kinds of coal? A. Fifty-four.

Q. At the scales describe the service of shipping and arranging these various kinds of coal to get them to the market to the purchaser who has ordered them, and to arrange them in trains to go to destination? A. All the orders for shipment of coal or sales are sent to the scales. What they call shippers, men who give the destination of the cars, are stationed at the scales. The coal has to be weighed car by car, necessarily the switch engines must take this coal as it comes in from the collieries and shift the cars from the scales one by one, and they pass to the distributing yards below the scales, and they are way-billed from that yard below the scales. Necessarily they have to be shifted into trains to go to the destination to which the coal is consigned. That is the usual practice of shifting cars. If it was all one product, like bituminous coal, any car could be applied on a sales order, but if there are fifty-four different kinds and varieties, it is a little bit more difficult to make your application. Necessarily there is more switching service and work to be performed than if it was simply like bituminous coal. Then, it has to be distributed to many destinations. It

must be put in a train that is going to or towards that destination always, and, frequently, it has to be shifted apart again at short distances in order to keep the trains going. You cannot let the coal stay there; it would block the yard. It has to be carried on to its destination. Sometimes it is handled and switched three or four times on the Reading Railroad. If it is going to Harrisburg, it goes twenty-five miles to Reading, and then it is shifted westward. If it is going to New York, or Baltimore, or Washington or various other destinations, it has to be handled very many times on the Reading Railroad. If you look at the map, you will find that our system is a very complicated one. It does not run over one main line. It is not an easy business to manage, either from a commercial or from a freight traffic standpoint, or from a transportation standpoint. Therefore, it would naturally be entitled to a higher rate per mile than in the case of coal carried, like bituminous coal, very long distances over one straight line, with comparatively few handlings of each separate car.

Q. Take the St. Clair yard as a specimen, and describe the nature of the requirements that the railroad is required to maintain in order to accommodate this method of handling and distributing the coal? A. This yard almost of necessity has to be kept moving all the time. We frequently handle through that yard twelve to fifteen hundred cars of anthracite coal alone, leaving out of consideration domestic freight and other traffic which passes through the yard. It has to be operated very quickly or it will fill up. If the arrangements for sale and distribution and handling are not expeditiously and promptly and properly done, it will involve a very heavy expense for blocking the yard, undertaking to switch the cars in order, if it once gets confused. Necessarily, it is a very expensive operation to handle and work the yard.

Q. None of this coal that we are speaking of that is produced from the Coal and Iron Company is handled at the Tamaqua scale? A. When there is any interruption to the Plane, as there sometimes is, the coal necessarily

has to be passed through the Mahanoy tunnel and Plane to the Tamaqua yard, and there are one or two collieries at the mouth of the Mahanoy tunnel, the coal of which goes to Tamaqua yard.

Q. When the coal leaves the Tamaqua yard it runs down this Little Schuylkill River Railroad down the Little Schuylkill to Port Clinton, does it not? A. Yes.

Q. Where it, for the first time, strikes the main line? A. Yes.

Q. The bituminous coal traffic that you handle from the North, from the Beech Creek, Rochester and Pittsburgh and Clearfield regions, does not come through this territory, but comes down the Catawissa Railroad? A. It comes down the Catawissa Railroad to Tamaqua yard, and down to Port Clinton and strikes the main line at Port Clinton.

Q. So that bituminous traffic that is handled on the Reading line does not go over those heavy grades? A. No, sir; the favorable grades are in the Catawissa region.

Q. After you get to the top of the favorable grade of Lofty Mountain and Catawissa Mountain, you have practically water grade all the way down to Philadelphia? A. Yes, sir.

Q. You can haul as much loaded freight down as you can get empties back, I suppose, with the same power? A. Yes. From the mountain to Philadelphia.

Q. In connection with these same proportions of size and quality, I would like you to give some description of the terminal service at Port Reading for trans-shipment by water? A. There is the same difficulty in separating the numerous sizes of anthracite coal from each other in at the terminal as there is at the yards, where it is gathered for billing purposes. Bituminous coal being usually one or two kinds, it does not require anything like the amount of shifting that is required for anthracite.

Q. In the first place, there is required at the foot of the wharf, so-called, a yard somewhat similar, but probably not so extensive, as at the scales, is there not, where the loaded train stops and leaves its loads? A. Yes. The

terminal yards are about as large as the scale yard. At Port Richmond, for instance, a yard holds about five thousand cars. Either one of these yards holds that many. At Port Richmond the yard has a mile of river front.

Q. The service of shifting from this terminal yard over the wharf to discharge the car into the vessel and discharging it into the vessel is also difficult and expensive, is it not? A. It is.

Q. For the same reason? A. For the same reason.

Q. Selecting and shifting and collecting the coal for a particular boat which is chartered by a particular owner, you have to select the particular cars that belong to that owner in order to get them into the vessels? A. You do.

Q. Which is an expensive service relatively? A. Yes.

Q. As compared with the service for handling bituminous coal? A. Yes. Because of the increased number of sizes.

Q. What is your understanding, as the traffic officer, of the relations of this gathering charge and expense in the interchange of anthracite traffic with connecting roads to reach their territory? Is there or is there not an arbitrary allowance made, as a rule, for the gathering charge? A. There is an arbitrary allowance made in all instances for the gathering charge.

Q. Which is about what, in respect of what these gathering charges you have been describing are? A. Do you mean the amount of the gathering charge?

Q. Yes. A. It is thirty cents a ton for the coal coming this way, where the distances are greater. I mean coming over the mountain, coming East. When it comes West it is not hauled over the Plane, nor it is not hauled so great a distance. The charge there is fifteen cents. When it comes eastbound it is thirty cents. The total rate is prorated.

Q. In prorating on a mileage basis, is the mileage from the scale what governs the proportion to be demanded by the railroad company, or the total mileage from the mines? A. The gathering charge is supposed to cover the rate from

the collieries to the scales. It is billed from the scales on the mileage basis.

Q. And the basis of mileage for the Philadelphia and Reading Railway Company is from the scales? A. From the scales.

Q. The shipping point? A. Yes, sir. The basis for computation of the mileage for division of rate, as well as the charge per ton per mile, is computed from the scale.

Q. When this expense of gathering is so much greater than the thirty cents a ton which you have stated it to be, why do you not require the connecting railroads to make a fair allowance for this gathering charge instead of thirty cents a ton? A. We get from them as much as they will allow us.

Q. You cannot get them to concede more? Is that the idea? A. No. They do not want to pay it.

Q. You would get more if you could, wouldn't you? A. Yes. We frequently tried to.

Q. Do you not think you ought to get more than you do? A. Yes. In many instances we ought. This gathering charge is put on a fixed basis for all the collieries just as the rate is the same from all the collieries. In some cases it is much more difficult to gather than in others. For instance, it would cost a great deal more to gather from North Franklin, on account of the distance to the St. Clair yard, than it would if the colliery were right near to the St. Clair yard. But the gathering charge is uniform.

Q. It is averaged? A. It is made uniform.

Q. Is that supposed to represent a fair average or is it more or less than a fair average, in your opinion, as a practical man? A. I think it costs all the Reading gets for it.

Q. Is it not a fair average, or is it less than a fair average, in your opinion, thirty cents a ton? A. I think it is probably less than a fair average, because it is a very costly service.

Q. So if you assume for the gathering charge, before considering the rate per ton or the rate per mile, thirty

cents for gathering, it is not an excessive assumption? A. It is not.

Q. What is taken out of the rate to cover the transshipment of the coal from the terminal roads over the piers into vessels to the terminal property? Fifteen cents, you say? A. Yes, sir. Fifteen cents is the usual charge for passing coal over the piers into vessels.

Q. Deducting from the tariff rate which represents the service of the transportation from the scales to the terminal wharf, the thirty cents a ton for gathering charge, and the fifteen cents a ton for shifting and discharge into the vessels leaves what the company receives actually for its service of transportation? A. Forty-five cents from a dollar and fifty-five cents leaves a dollar and ten cents for service of transportation to New York waters from the scales.

Q. On prepared sizes? A. On prepared sizes.

Q. A similar calculation has to be made for the smaller sizes? A. From the lesser rate on steam sizes.

Q. So as to ascertain the rate per ton and the rate per ton per mile, this balance is the basis on which you have to figure? Is that so? A. Yes, sir.

Q. Before going into that subject I would like to call your particular attention to the relative increase of the anthracite coal traffic of the Philadelphia and Reading Railway system, as compared with the bituminous and merchandise traffic, from the beginning of the operations of the Philadelphia and Reading Coal and Iron Company after the receivership, down to and including the period when your services were ended. I hand you, for the purpose of refreshing your recollection, a paper with which you are familiar, which bears on that subject. We are now beginning with the first seven months of the operation of the P. & R. Railway Company proper, which covers the time between the first day of December, 1896, when they took possession, to and including June 30th, 1897, which was the end of the fiscal year, and following down to the end of your service. Kindly state in a brief, general way, the proportion of increase

of the anthracite tonnage, of bituminous tonnage, and merchandise respectively. A. The anthracite tonnage for the first full year, 1897-1898.

Q. That is from June 30th, 1897? A. No, sir. I am taking the full year for comparative purposes.

Q. This is the fiscal year? A. From 1897 to 1898 is the first fiscal year.

Q. First full fiscal year? A. Yes, sir. The anthracite tonnage was 9,464,000 plus. For 1907-8, was 13,537,000 tons plus, an increase of anthracite business or tonnage of about sixty per cent. The bituminous coal for 1897-8, in the first full fiscal year, was 3,517,000 tons. For the last year, 1907-8, was 10,816,000 tons, substantially an increase of three hundred per cent. The merchandise tonnage for 1897-8, the first fiscal year, was 9,862,000 tons. For the last year it was for 1907-8, 12,249,000 tons. That is less than the previous year. When I left it was 24,000,000 tons, an increase of substantially a little over two hundred per cent.

By Mr. Todd:

Q. Before you go on, may I ask whether those tons in each case are expressed in tons of the same number of pounds? A. A ton of coal, in the State of Pennsylvania, is a gross ton, twenty-two hundred and forty pounds. A ton of coal, whether anthracite or bituminous, is, in Pennsylvania, twenty-two hundred and forty pounds, a gross ton. The merchandise tonnage is expressed in net tons, but the comparison of increase is based on the same figure in each case.

Q. Which is two thousand pounds? A. No, sir, it is twenty-two hundred and forty for coal and two thousand for merchandise.

By Judge Campbell:

Q. Now I ask you the same question in respect to the revenue. Before going into that subject I would like to call your particular attention to the relative increase of the anthracite coal traffic of the Philadelphia and Reading Railway System as compared with the bituminous and merchandise traffic, from the beginning of the operations

of the Philadelphia and Reading Coal and Iron Company after the Receivership, down to and including the period when your services were ended. I hand you, for the purpose of refreshing your recollection, a paper with which you are familiar, which bears on that subject. We are now beginning with the first seven months of the operation of the P. & R. Railway Company proper, which covers the time between the first day of December, 1896, when they took possesion, to and including June 30th, 1897, which was the end of the fiscal year, and following down to the end of your service. Kindly state in a brief, general way, the proportion of increase of the anthracite tonnage, of bituminous tonnage, and merchandise, respectively. A. As to the revenue for the first fiscal year, which was 1897-8, the revenue from the carriage of anthracite coal was $8,517,000 plus. For 1907-8 was $13,026,000.

Q. Give the percentage there of increase. A. Fifty-two per cent. The bituminous coal for 1897-8, the first full fiscal year, was $1,414,000 plus. For 1907-8 was $5,551,000, an increase of two hundred and ninety-two per cent. The merchandise for the first full fiscal year was $7,163,000. For the last year, 1907-8, it was $13,502,000, an increase of eighty-eight per cent.

Q. So that the large increases in revenue and tonnage, shown by the annual reports of the railroad company, put in evidence by the Government, is to be mainly accounted for by the large increase in tonnage and revenue derived from the carriage of bituminous coal and general merchandise? A. Yes, sir.

Q. The establishment of this increased business grew up, to a large extent, under your own administration, did it not? A. It did, yes, sir.

Q. Go on and state on the record what was done, what methods were pursued to accomplish this great result. A. Almost immediately after I was appointed second vice-president of the Philadelphia and Reading Railway, in charge of its freight traffic, I started out on a tour of inspection as to the means of increasing the bituminous

coal traffic of the Reading Road. Certain of its coal traffic was, at that time, derived from the mines on the line of the Beech Creek Railway In making a trip up over the road, in which I persuaded the officials of that company to accompany me and provide a special train, and give me the information at their service, I developed the fact that they had an inadequate supply of coal on the line of that road to supply the industries on the line of our road. I came home and reported that fact to the president, and every other source of supply. The Reading Railway had large iron and other industries on the line of their road that consumed large quantities of bituminous coal, and I found their supply was inadequate to enable them to expand. I went out on the line of the then West Virginia Central and Pittsburgh Road.

The Western Maryland Railroad had a line up the side of the Blue Ridge on an impracticable route, and I found that there was sufficient coal to be found in West Virginia, from which they could derive a supply, and means of transportation were not adequate, that they could not haul that coal up the side of the mountain and down again, and let it go through the Cumberland Valley, to Hagerstown. I came home and reported the fact to our people, and asked them to build a line of road, which is now the New Western Maryland Railroad. I took up the question of rates with the Baltimore and Ohio Railroad, and pointed out this route. They seemed indifferent at the time to develop this traffic. Their subordinate officials did not seem to me to rise to the occasion at all. Their Coal Freight Agent turned me down, and their Traffic Manager turned me down, and I had to go to the Receivers. I afterwards went to Mr. Cowen and Mr. Murray, who were the Receivers of the road, and told them they had an abundant supply of coal and very little demand; that we had a great demand for coal and very little supply. It seemed to me a piece of folly to allow that condition of affairs to continue. Gradually the business was developed. This new line was built. Cars were furnished, through efforts made for that purpose,

and the business was developed and increased very rapidly. It aided in the development of the iron industries on the line of the Reading Road, and helped to build up their iron and other traffic, besides developing the bituminous coal business. To that cause is largely due the increase of traffic on the Reading Road, much of it coming through the Cumberland Valley to the Reading at Shippensburg. The business at Newberry Junction, on the Northwestern Route, where we connected with the New York Central Road, was, at that time, perhaps five or ten times what it was at Shippensburg, and to-day the business coming to the Reading Road at Shippensburg is the greatest, in volume, of any junction point it has.

By Mr. McReynolds:

Q. Where is Shippensburg? A. In Pennsylvania, about twelve miles from the Maryland and Pennsylvania line.

By Judge Campbell:

Q. And connects with both the Cumberland Valley and Western Maryland? A. Yes, sir.

Q. You connected at that point with both the Cumberland Valley and Western Maryland? A. Yes, sir, the Cumberland Valley runs to Harrisburg. We connect with it at Shippensburg, too.

Q. There is to-day, in both directions, Southwest and West, an opening of the territory outside of the West Virginia Central? A. Yes, sir, we opened up the line of the Baltimore and Ohio Railroad. The access to the Southwest is over the line of the Norfolk and Western and the Chesapeake and Ohio Railroad.

Q. That was mainly for merchandise tonnage? A. Yes, sir, mainly for merchandise.

Q. As to the bituminous coal tonnage? A. The bituminous coal tonnage comes largely from the line of the Baltimore and Ohio Railroad. They get quite considerable volume of the line over the Western Maryland.

Q. In addition to the West Virginia Central territory, you have the Fairmont territory, on the B. & O., and

also the Somerset region in Pennsylvania, which is tributary to that? A. All the lines of the B. & O. Road, their Connellsville Branch, their line to Pittsburgh.

Q. And as to the Western connection there was brought also through this negotiation of yours, into our field, I take it, the coal originating on the line of the Buffalo, Rochester and Pittsburgh. A. The business from the line of the Beech Creek Railroad that came from the Buffalo, Rochester and Pittsburgh, over the line of the Beech Creek Road to the Reading at Newberry Junction, that business remained in about the same volume it had been. It increased rather than decreased.

Q. There was also a considerable bituminous coal tonnage originated on the lines of the Pennsylvania Railroad, with certain qualities of coal that were desired in our local territory. A. The Pennsylvania Railroad never allowed the bituminous coal from their line of road to come on to the Reading Railroad except at its local stations.

Q. The local stations on the line of the Philadelphia and Reading Railroad? A. Yes, sir.

Q. If you have anything particularly to tell us about what occasioned the growth and development of the merchandise business also, I would be glad to have you state it. A. Prior to the time of my appointment as vice-president of the railroad, the Philadelphia and Reading Railway had very little export or import traffic. Aided by some of the active shipping merchants of Philadelphia, we induced the opening of several lines of trans-Atlantic steamers, the first one of which ran between Philadelphia and London, afterwards another between Philadelphia and Glasgow, one between Philadelphia and Rotterdam, and one between Philadelphia and Hamburg, then between Philadelphia and Copenhagen. As a result of the establishment of these various lines of steamers, a very large export and import traffic was built up, nearly all of which traffic was gathered and distributed in the West, and hauled over the lines of our road to those steamers, which helped to build up the merchandise traffic on the Reading Railway.

Q. How about the increase in improvement of docks and wharves for the accommodation of export and import traffic? A. Every steamer line we established required, as of necessity, a place where it could receive and discharge its cargo, and a dock was built and assigned for that purpose to each steamer line as it was established.

Q. From your knowledge of the territory tributary to the Philadelphia and Reading Railway Company proper, and its various railroad connections, I would like you to describe the relations in the matter of interchange of traffic which existed between the Central Railroad Company of New Jersey, and the Philadelphia and Reading Railway Company, prior to January, 1901. You can use the maps there, and point out the various points of connection, routes of traffic, and so forth, beginning at the northwestern end and coming around until you strike the road connecting the B. & O. Give a brief, general description. This is the condition prior to January, 1901. A. Outside of the coal traffic the Reading Railway has no access to the business of New York, except by passing over some other lines to New York harbor. The line over which most of the, in fact nearly all of the traffic of the Reading Railway passes to New York, is the line of the Central Railroad of New Jersey, from Bound Brook to New York. It draws its New York westbound traffic from that line, for Philadelphia and points south thereof, over the line of the Central Railroad of New Jersey, from Jersey City to Bound Brook.

Q. And the reverse? A. The traffic which it gathers on its own line from the south and southwest——

Q. And connections? A. And from its connections south, passes over the line of the Central Railroad of New Jersey, from Bound Brook to New York, in the opposite direction. That traffic is very large, both passenger, freight and merchandise.

Q. You are describing conditions which existed prior to 1901? A. Yes, sir, that condition existed prior to 1901, and since 1901. It exchanges also a very large amount

of traffic to and from New York waters, which passes over the line of the Central Railroad of New Jersey, to Allentown; then west by Reading, and on west to Shippensburg, and over the lines of the Western Maryland, and Norfolk and Western, and Baltimore and Ohio, to the West. It carries, in the reverse direction, a very large traffic. That volume of traffic exchanged at Allentown is much larger even than that which is exchanged at Bound Brook. They carry a very heavy bituminous coal traffic from the line of the Baltimore and Ohio Railroad, and all their western fast freight lines and other business, a large amount.

By MR. MCREYNOLDS:

Q. Are you speaking prior to 1901 still? A. Yes, sir, that existed both before and since 1901. It has increased through the formation of the Western Maryland new line, which enabled it to carry its traffic more expeditiously. It has been greater in volume in recent years than early, but it existed both prior and subsequent to 1901. The Philadelphia and Reading Railway exchanges a very large amount of traffic coming from the New York Central lines, from the West, which comes to the Reading at Newberry Junction and goes over the Catawissa line, and is exchanged at Tamanend Junction or Hauck's Switch. This coal from the Buffalo, Rochester and Pittsburgh Road, grain and merchandise of various kinds, the fast freight line business to and from the West, merchandise from New York over that road, west, is distributed especially over the New York Central lines.

By JUDGE CAMPBELL:

Q. Are there not also Erie connections at Corning for points west? A. We connect in the traffic with the Erie Road, what we call the Scranton, Erie business, over the line of the New York Central Road to their junction with the Erie. The business goes in both directions in that case, the same as in the others. There is some business that we exchange with the Central Railroad of New Jersey at Tamaqua, but that is less in volume. There is another junction point of the Atlantic City Road with the

Central Jersey, where more or less business is exchanged between the two lines.

Q. At Winslow Junction, in New Jersey? A. At Winslow Junction in New Jersey.

Q. Let me call your attention also to a connection at Bethlehem. A. I failed to mention the junction point of the North Penn Railroad with the Central Railroad of New Jersey at Bethlehem, for points in the upper anthracite region, Scranton, Wilkes-Barre, and along there.

Q. Running down on the line of the Central Railroad of New Jersey? A. Yes, sir, in the Lehigh Valley. A large amount of business is exchanged with the New Jersey Central in both directions at Bethlehem.

Q. That existed prior to 1901? A. Prior to and subsequent to 1901.

Q. How about the Perkiomen connection near Allentown? A. The Perkiomen Junction at Allentown is an alternate route with the Bethlehem line, and the grades are a little more favorable on the Perkiomen Road, and that is used for heavy traffic there. It is merely an alternate route with the Bethlehem line.

Q. It is a point reached for the exchange of their traffic between the two systems? A. Yes, sir.

Q. By way simply of illustration, not going into all the detail, but taking the bituminous traffic alone, the interchange by way of Park Junction with the B. & O. in Philadelphia, by way of Hauck's Switch, of the Beech Creek and Clearfield, and Buffalo and Rochester and Pittsburgh, and via Allentown and the Shippensburg connection, kindly state the growth of that change from 1900, prior to the acquisition of the shares of the Central Railroad of New Jersey by the Reading, up to and including 1908. Show the nature and extent of that interchange of traffic. A. Via Park Junction.

Q. Describe what that means. A. Park Junction is a connection of the Baltimore and Ohio Railroad with the Philadelphia and Reading Railway in Philadelphia. We always speak of that business as the Park Junction Route business. The first full fiscal year shown here, which is

1901—this is bituminous coal—was 488,000 tons. 1907-8 is 1,503,000 tons.

Q. In the meantime there has been a gradual increase? A. Yes, sir, and has gone from the one figure to the other by a gradual process. By Hauck's Switch ——

Q. Describe what that means. A. Hauck's Switch Junction is a connecting point between the Central Railroad of New Jersey and the Philadelphia and Reading Railway over which the traffic from the Beech Creek Road to Central Jersey points, east of Hauck's Switch, including New York City, comes. This traffic in 1900 was 944,000 tons. In 1907 was 1,197,000 tons.

Q. Go on to the Allentown. A. The bituminous coal coming by Allentown from the B. & O. was in 1900, 165,000 tons. In 1907-8 was 1,013,000 tons.

Q. In the meantime there has been a gradual enlargement and increase at each of these points? A. Yes, sir, every year there was an increase until the last year.

Q. I wish you would look at that map, and look carefully, and trace the main lines of the Central Railroad of New Jersey, so you can get a clear-minded comprehension of it, and the main line traffic of the Philadelphia and Reading Railway System, in relation to each other, if you have not got that clearly in your mind? A. I have it distinctly in my mind.

Q. Are those lines of railroad practically, or substantially parallel or competing with each other, for the class of business you have described, or any other than this mere incidental business? A. The business interchanged between these lines is probably from fifty to one hundred fold greater than that for which they compete.

Q. Answer that first question. Are they at all parallel? One of them runs along one valley, at the bottom of one water shed, and the other in a totally different one. A. They compete for an extremely limited amount of traffic.

Q. At these local points of connection? A. Yes, sir.

Q. These local points of connection you have mentioned? A. Yes, sir, they exchange with each other a volume of business, as I have stated, probably fifty fold greater.

Q. Fifty fold? I thought it was several hundred fold? A. I have not gone into the calculation. The one is an insignificant thing, and the other is a business of a tremendously large volume.

Q. Are these through routes, over which this through traffic is interchanged, competitive by any route controlled by one line, with the routes controlling the other? A. Only in an insignificant degree.

Q. They are complementary to each other, are they not? A. They supplement each other.

Q. Without the use of the Jersey Central terminals, if they were in the hands of parties not interested in, or antagonistic to the Philadelphia and Reading Railway System and its ownership, what would be the consequence? A. The Philadelphia and Reading Railway might be largely shut out of this business to and from New York, if they were in the hands of other companies.

Q. And the traffic which is naturally tributary from Reading territory, to and from New York, that would be driven to other lines? A. Largely, yes, sir.

Q. Since the acquisition of the major portion of the shares of the Jersey Central Railroad Company by the Reading Company, one of the defendants here, has there been any change in the organization of the two roads, the Philadelphia and Reading Railway, and the Jersey Central Railroad, as to their being, when used, independently and separately? A. I think they fight each other harder now than they did before.

Q. Has there been any change in the personnel, so that the Reading people control and undertake to operate the New Jersey Central Company in regard to the distribution of the traffic? A. They have the same president.

Q. Is that the only exception? A. That is the only exception.

Q. State whether the Jersey Central maintains an absolutely and separate and independent organization? A. It does, yes, sir.

Q. The accounting departments are all separate? A. Yes, sir.

Q. The operating departments absolutely separate? A. They have the same purchasing agent and same president.

Q. The purchasing agent is not part of the operating department, is he? A. No, sir.

Q. He does not control shipments? A. No, sir, he does not. So far as their operating department is concerned, it is entirely separate. So far as their traffic department is concerned, it is entirely separate. So far as their accounting department is concerned, it is entirely separate. They have the same president, and they have the same purchasing agent. That far, they are connected with each other.

Q. Referring now to your New York tidewater rates, Port Reading, the gathering charge, and the shipping expense, to which you have referred already in your testimony, the rates per ton, and the rates per ton per mile, the average rates per ton, and the average rates per ton per mile from the year 1903-4, to 1907-8, what do they show as to the average rate per ton? A. Is this for anthracite coal?

Q. Anthracite coal wholly. A. A slight decrease.

Q. Shipments of anthracite coal at Port Reading? A. They show a slight decrease.

Q. Tell us what it is. What is the average rate per ton in the first period of 1903-4? A. One dollar and one cent per ton; 1904-5 ninety-nine and eight-tenths cents per ton; 1905-6, ninety-seven and seven-tenths cents per ton; 1906-7, ninety-six and five-tenths cents per ton; 1907-8, ninety-two and five-tenths cents per ton.

Q. State the rates per ton per mile during these several periods? A. For 1903-4 it is six and five-tenths mills per ton per mile; 1904-5, six and four-tenths mills per ton per mile; 1905-6, six and three-tenths mills per ton per mile; 1906-7, six and two-tenths mills per ton per mile; 1907-8, five and four-tenths mills per ton per mile.

Q. Calling attention to the reduction of the average rate per ton to the reduction relative to the average rate per ton, and the average rate per ton per mile, since the

tariff rates have been comparatively the same, how do you account for this reduction? Is it on account of the great increase in proportion of the smaller sizes carrying this smaller rate? A. The rate on the smaller sizes is the lesser rate, and the greater proportion of lesser sizes that is carried, is what reduces the rate. There being an increase in the smaller sizes, the average rate is thereby reduced.

Mr. Reynolds offered in evidence statement, being a series of excerpts from the annual report of the Pennsylvana Railroad and the Baltimore and Ohio Railroad and the Pennsylvania Company, the lines West.

The Government notes objection to this statement, on the ground of irrelevancy and immateriality.

The Government also objects to the quotation on page 19. of the report of the Pennsylvania Railroad Company for 1899. on the ground of incompetency.

The statement is as follows:—

The Pennsylvania Railroad Company Annual Report for the year 1899 shows, on page VII that Sutherland M. Prevost was third Vice-President of that Company.

Page 6 of that report contains the following statement:

"The entire cost of the securities of other corporations held by your company December 31st, 1899, was $120,362,425.97."

On page 19 of that report appears the following announcement of a new policy with the reasons for its adoption:—

"While the growth of your traffic and its successful movement are subjects for congratulation, your Board have to report a further reduction in the average ton-mile rate. For years the compensation of the trunk lines for moving freight traffic has steadily decreased. Had the railway companies not been able to meet the diminution in the ton-mile rate by a corresponding reduction in expense, disastrous results must have followed. But there is a limit, and it cannot be far off, to the possible lessening of the cost of movement. The only alternative is to

arrest the reduction in revenue, which has been largely brought about by apparently uncontrollable conflicts between the railway companies, and between rival communities. It must be admitted that the situation is complicated. The problems involved in dealing with traffic questions covering so vast a territory, and affecting so many diversified interests, are troublesome and intricate, but they are not incapable of solution and it is believed that by earnest and united efforts the difficulties in the way may be met and overcome. With this end in view, and to establish closer relations between the managers of the trunk lines, it has seemed wise to your board to acquire an interest in some of the railways reaching the seaboard."

On the statement of stocks owned by the Pennsylvania Railroad, appearing at page 26 of the report, it will be noted that the company then owned no B. & O. stock, no Chesapeake and Ohio stock and no Norfolk and Western stock.

On page 26 of the Pennsylvania Railroad Company's Annual Report for the year 1900 it will be observed the statement of stocks owned shows that in the interim it had acquired sixteen million dollars par value, of Baltimore and Ohio Railroad, preferred; seven million dollars, par value, of Chesapeake and Ohio Railway, common, and a total of twenty million dollars, par value, of Norfolk and Western Railway Company, common and preferred. This acquisition is referred to in the following language at page 21 of this report:—

"A reference to the Balance-Sheet and List of Securities will show the interests acquired during the year by your Company in several of the railways reaching the seaboard, and the amount of temporary collateral obligatons issued in payment therefor. The results of those investments have been satisfactory."

On page (ix) it will be noted that Mr. Sutherland M. Prevost was still third vice-president of the Pennsylvania Railroad Company.

In the B. & O. report for the same year on the first page it is noted that Sutherland M. Prevost was elected

to the Board of that railroad company on February 1st, 1900.

The 1901 report of the Pennsylvania Railroad Company shows on page 26 that the company then owned stocks of the B. & O. R. R. to a total par value of well in excess of thirty-four million dollars and Chesapeake and Ohio stock in excess of ten million dollars and Norfolk and Western Railway Company's stock of almost twenty-six million dollars.

From the list of officers and directors on page (ix) of that report it will be noted that John P. Green was first vice-president, Sutherland M. Prevost, third vice-president, Samuel Rea, fourth vice-president, and James McCrea, a director.

The report of the Pennsylvania Company for the same year, 1901, shows that James McCrea was first vice-president of the Pennsylvania Company, as well as a director of that company.

Page 46 of that report contains the following announcements:—

"On June 1st, Mr. L. F. Loree, having been elected president of the Baltimore and Ohio Railroad Company, resigned as fourth vice-president of this company. Mr. G. L. Potter, having been appointed general manager of the Baltimore and Ohio Railroad Company, resigned as general manager of this company."

The report of the Baltimore and Ohio Railroad Company for 1901, shows that included among its directors were John P. Green, James McCrea, Sutherland M. Prevost, and Samuel Rea, and that its president was L. F. Loree and its general manager, G. L. Potter.

Page 11 of that report contains the following announcements:—

"On May 28th, 1901, Mr. L. F. Loree was elected President of the Company, effective June 1st, Mr. John K. Gowen having tendered his resignation, effective that date.

"Mr. Geo. L. Potter was appointed General Manager, effective June 1st, 1901."

The report of the Pennsylvania Railroad Company for 1902 shows, on page 30, that while the company had not increased its holdings of Chesapeake and Ohio Railway Company's stock, or Norfolk and Western Railway Company's stock, it had increased its holdings in the Baltimore and Ohio Railroad so that they were in excess of a par value of fifty one and a half million dollars.

List of officers and directors on page (i) shows that James McCrea was a director, John P. Green, first vice-president, Sutherland M. Prevost, third vice-president and Samuel Rea, fourth vice-president.

The Baltimore and Ohio report for the year 1902 shows among the directors of that company, John P. Green, James McCrea, Sutherland M. Prevost and Samuel Rea, and also shows that Mr. L. F. Loree was still president.

Mr. Reynolds offered in evidence excerpts from the testimony of George F. Baer in the old case, volume 4, page 1160, *et seq.*, given in Philadelphia, December 27th, 1909.

Government's counsel objects to Mr. Baer's testimony unless Mr. Baer is produced for cross examination.

Defendant insists upon the testimony being received, inasmuch as the petitioners already introduced at great length the testimony of George F. Baer given in the prior case, that testimony being in very considerable proportion the cross examination of Mr. Baer at the prior hearing.

Government's counsel stand upon their objection, and object to this testimony of Mr. Baer being transcribed upon the record at all, as it stands upon an entirely different basis from that of any of the other witnesses, whose testimony has been read into the record, as Mr. Baer is a party to the proceeding, and none of the other witnesses were parties. Notice is given of application to strike this testimony from the record.

The testimony is as follows:—

Testimony of George F. Baer, a witness called by the defendants in the old suit. (Volume IV, page 1160 and following.) Philadelphia, September 27th, 1909.

GEORGE F. BAER, having been duly sworn, was examined as follows:—

By JUDGE CAMPBELL:

Q. You are president of the defendants, the Reading Company, Philadelphia and Reading Railway Company, Philadelphia and Reading Coal and Iron Company, the Central Railroad Company of New Jersey, the Lehigh and Wilkes-Barre Coal Company and the Temple Iron Company? A. I am.

Q. You are a lawyer? A. I was, and I suppose I am still.

Q. Prior to 1870 and subsequently you were a practicing lawyer? A. Yes.

Q. Were you professionally connected with the Philadelphia and Reading Railroad Company in times past? A. My connection with the old Reading Railroad Company began in 1870. I was first employed as counsel in Berks County and then gradually I became one of the counsel who was called in confidentially under the Gowen administration, and when Mr. Corbin became president, I became a director and continued to serve as one of the counsel. I was on the executive committee during the Corbin administration. When Mr. McLeod became president, I resigned as a director and ceased to have any relation with the administration other than as local counsel and counsel designated at times to try particular cases; what I mean by that, I no longer sustained any confidential relation to the management of the railroad. After the receivership in 1893, I was again called in as advisory counsel to the receivers and became a director again, I think in the election of 1893 or 1894, I do not remember which, and I continued in that relation until April, 1901, when I was made president of the reorganized companies.

Q. Do you recall, shortly after 1870, within a few years, the organization of the Philadelphia and Reading Coal and Iron Company? A. Yes; a special charter was obtained, I think in 1871, under which the Coal and Iron Company was organized.

Q. You were not only associated and related, as I understand, to these managements to which you have referred, as counsel properly in respect to legal matters, but also as an advisor in relation to other business and economic matters? A. During the administrations of Mr. Gowen, Mr. Keim, Mr. Corbin and Mr. Harris, my relations were intimate and close and I was generally consulted about every important business matter, as well as legal matters.

Q. Do you recall the three receiverships which are shown in this record, the one beginning in 1881 and continuing for a year or so; another beginning in 1884, probably, and continuing until about January, 1888; and the other beginning in 1893 and continuing, so far as the conduct of the business operations of the company were concerned, until the first day of December, 1896? A. Yes.

Q. You were also in consultation as to legal matters and business matters during these several receiverships with the Receivers, were you not? A. Yes.

Q. In the same way as you had been with the management of the corporations under their presidents? A. Yes.

Q. Were you familiar and are you familiar also with the proceedings which led up to and formed the organizations of the Reading Company, the Philadelphia and Reading Railway Company and the Philadelphia and Reading Coal and Iron Company in respect of their taking over the assets and properties and leased lines of railroad, and other things which were formerly of the Philadelphia and Reading Railroad Company? A. I was one of the counsel and familiar with the whole reorganization scheme. In fact, most of the details of that scheme were committed to me. After consultation with counsel, Mr. John Johnson, Mr. Stetson and Mr. Dickson and other gentlemen, generally they managed to throw the

detail work on me to a very large extent, so that I was engaged in nothing else for a long while except working on the reorganization plan and getting up the details of them, and I am thoroughly familiar with the whole matter.

Q. I would like to ask you particularly whether the lines of railroad of the defendant, Philadelphia and Reading Railway Company, have any access to the anthracite territory commonly known as the Lehigh, Wyoming and Lackawanna Regions? A. The Philadelphia and Reading Railway Company, as you can see by the map, does not extend into the Wyoming Region, which is the name we generally give to the Upper Region, which includes the Lackawanna. It only in a limited way reaches what is called the Lehigh Region. I believe the outline is a little close there, but we have no active lines in the Lehigh and none whatever in the Wyoming Region.

Q. In the Lackawanna? A. We call that the Wyoming.

Q. In the Government petition they are grouped together. A. I do not know what you lawyers do, but technically the Upper Region is called the Wyoming Region, the middle district is called the Lehigh and the Lower Region is called the Schuylkill for convenience, because in the Government reports and statistics that is the subdivision made, and I wish you lawyers would accommodate yourselves to that. It simplifies the examination if you bear that in mind.

Q. In the sense of competition for traffic, then, is the Philadelphia and Reading Railway Company or not a competitor for the carriage of the coal which originates in the Northern, or Upper, and Middle Regions? A. No. We are not competitors in either of those regions.

Q. Now as to the defendant, the Philadelphia and Reading Coal and Iron Company; has it any operations, either in times past or now, or contemplated in the future, in the Upper or Northern and Middle or Lehigh Regions? A. No; its holdings are confined entirely to what we know as the Schuylkill Region.

Q. I would like first to have you state exactly how, so

far as the Philadelphia and Reading Coal and Iron Company is concerned, its circular or quoted prices are made and how and why and under what circumstances the changes are brought about whereby the price is reduced in the Spring, beginning with the first of April, and gradually advanced ten cents a ton until October, as is shown in this record. How are these things done by the Philadelphia and Reading Coal and Iron Company? A. I think, in order to get a clear understanding, that I must state the physical relations of these regions to one another. By reason of the geological formations, the most expensive mining is in the Schuylkill Region. The veins there are distorted, some of them standing almost perpendicular. They are very large—thick, I mean—which involves more troublesome mining by reason of having to support the roof. The quantity of water is enormous. I think that our experts have testified that we lift twelve tons of water for every ton of coal that we lift from our mines. The result is that coal can be produced in the Wyoming Region, where they have no serious water problems and where the veins are nearly flat, and where they are not so thick, and therefore less mine timber is required, at from forty to fifty cents a ton cheaper than we can. The Wyoming Region, you will see by the statistics, has been increasing its output steadily year by year, by reason of the easier mining, so that relatively, whilst we have an enormous acreage of coal lands in excess of the Wyoming Regions, the Wyoming Region annually produces nearly sixty per cent.—running from fifty-nine to sixty per cent.—of the total output of coal. The Lehigh District has not increased for years. It holds at about from eleven to twelve per cent., and our own output runs from twenty-nine to thirty per cent. in the Schuylkill Region. Now you see that, from our reports, there are in evidence, and from the testimony of our experts, with all the capital we have invested, at the present prices of coal we make very little profit in mining anthracite coal. In point of fact, if the Coal and Iron Company charged the common royalty for the coal mined

from its own lands, it could not make a profit at all. The profit is below twenty cents a ton. This year I think it will be fourteen and six-tenths, something like that; but, for general purposes, say below twenty cents a ton. We have not averaged that in the last number of years. We therefore must fix a price on coal that will enable us to operate our mines, and the other regions naturally get the benefit of it. There is a natural law on that subject which has been stated by all writers on political economy. For the purpose of accuracy, I have formulated it:—"The price of the entire supply of anything necessary for a community will be regulated by the cost of production of that portion of the necessary supply which is produced at the greatest expense." Anderson, Malthus, Ricardo, Smith and everybody since have practically laid down that rule, and it is a law of common sense illustrated in various ways. Here are two farms. They may be side by side; one can grow wheat to the extent of twenty bushels to the acre, and the other thirty; but there will be no difference in the price of the wheat. If the price of anthracite coal were fixed so as not to yield a profit to our Coal and Iron Company, the result would be that the mines would stop for a short time, and the price of coal would necessarily go up, because the withdrawal of thirty per cent. of any commodity would naturally affect the price, and the final result would be that, the price advancing, our mines would resume operations again. Therefore, it is the general custom of the other companies, I believe, to follow our circular. We fix the best price we can get, and the Wyoming Region and the people that can produce coal cheaper than we do necessarily follow our price, because it would be foolish for them to undertake to cut it when there is a market for the reasonable output of existing mines, taking it year in and year out. There are times—just now that is true—when the market will not take the quantity of coal that can be mined; but we generally have to store coal in the Summer months in order to provide for the Winter months' supply. In case of accidents to the mines or

severe Winters, that affect transportation, the public might be without coal, and we try to avoid that.

Q. You have stated that the circular or quoted price of coal was fixed by the Philadelphia and Reading Coal and Iron Company itself, independently of all the other parties defendant here. I would like to call your attention to what I mentioned in the question, as to the fixing of the method of reduction of the price in the Spring and its gradual advance in the Fall. Mr. Henderson's testimony covers it, but I would like to have it supported by your own. A. The difficulty in the management of the anthracite coal business is this; that in the Summer months, when mining can be done cheapest, the public requires no coal for household purposes, and there is no sale for domestic sizes of coal. There is only a sale for what we call steam sizes, in operations that are carried on, of course, in the Summer months. Under the old system we found that, in the Fall months and Winter months, the demand for coal was so active that we really could not supply it, and it was necessary to try to make some provision to have a supply in excess of the daily mining. The storage of coal is very expensive. By accurate, actual experience, we find that, not allowing anything for the cost of storage plants, it costs us from thirty to thirty-five cents a ton to put coal in a yard and to take it out. This not only includes the handling of the coal, but there is what we call a degradation in sizes. The Stove Coal and the Egg Coal and the Pea Coal, of course, will break up, so that when you put so many tons of a different kind of coal in the storage yards and you pick it up again, you will find that the large sizes have decreased, upon which we get the higher price, and the smaller sizes have increased. Now, to try to avoid the cost of storing coal and the difficulty we had in the Winter months of supplying all the coal required, the difficulties of transportation, and everything else arising, we conceived the idea of trying to induce the dealers to store this coal during the Summer months, and the effort was made, therefore, to reduce the price of prepared sizes fifty cents

a ton in April, forty cents in May, thirty cents in June, twenty cents in July and ten cents in August. During those five months, if you will add that up and divide it, you will find it represents practically what we considered cost of storing the coal during that time. It had the further advantage of enabling us to reach markets in the Summer months that cannot be reached in the Winter months. You take a point like Superior where the Coal and Iron Company has a large yard for distribution and where, by the time we get through improving that yard, we will have an investment of over a million dollars in the yard itself. Now, we could not ship coal to that yard and in the Winter months, when the lakes are frozen over an all rail movement would be impracticable. So we try to get our coal by the lakes in the Summer months, and we try to induce the dealers, instead of our carrying the coal, to buy it in the Summer months, and the inducement to buy it is this reduction of price to them, so that, if they buy their coal in April at fifty cents a ton less, they can afford to carry it until the Winter months come, when they retail it out. That is the whole theory.

Q. Mr. Henderson in his testimony has stated that, for the considerations which you have now mentioned, he obtained from you as the executive, authority to put in the plan of making the reduction of fifty cents a ton on prepared sizes in April and gradually advancing it ten cents a ton. I simply ask whether you confirm that statement that it was done under your sanction and authority? A. It was done under my sanction and authority. Who made the original suggestion, whether Mr. Henderson or Mr. Richards, I do not know; but it was suggested to me by somebody and I afterwards consulted them. Who originally made the suggestion at the time, I do not know; but it struck me as plausible and I thought over it and looked into it carefully and reached the general result I have stated here, and which is a sound economic proposition in my judgment.

Q. It was put in effect by the Philadelphia and Reading Coal and Iron Company from the considerations named

and not as the result of any combination or agreement with other people? A. No; I had no consultation with anybody else about that, because there was no reason to. The conditions were not alike at all. I think that the other companies would have been very glad to have kept us from going West, for example. Quite a number of times I have been told by my friends operating coal companies and railroad companies in New York that we have no business to go West with our coal; so I do not think they would have helped me in any such contingency.

By MAJOR WARREN:

Q. It enabled you to run your mines, and keep your labor together and all that? A. Certainly, and it is very important.

By JUDGE CAMPBELL:

Q. There is one other subject which seems to be prominent in the minds of Government counsel, and that is that the Philadelphia and Reading Railway Company is making enormous earnings out of the transportation of anthracite coal. I would like you to put on the record some account of the revenues which the Railway Company receives from transportation, independent of anthracite coal. A. The whole story of the Reading illustrates the falsity of the notion that any railroad can prosper by handling a single commodity like anthracite coal. With all the efforts of the brilliant men who preceded me to make the Reading Railroad Company profitable, and with a tonnage in anthracite coal that was then the largest in proportion to any company—originally seventy per cent. of the traffic receipts of the Railroad Company were derived from anthracite coal—ten years ago it got down to sixty per cent. and, with all this traffic, it was impossible for the Reading Railroad Company to make any money, and it is not necessary to go into the history of its receiverships, and all that. The moment the policy of the Reading Railroad Company changed so as to agree with their neighbors, to a fair exchange of all kinds of traffic, the prosperity of the Reading Railroad

Company began, and now its receipts on anthracite coal are down to thirty per cent. and decreasing every year.

Q. You do not mean to say that the revenue is decreasing, but the proportion? A. No; I did not say the revenue, but the percentage is decreasing every year. That was brought about by increasing the merchandise traffic, the passenger traffic, the miscellaneous traffic and the bituminous coal traffic. Just at the present time our bituminous coal tonnage exceeds the anthracite coal tonnage, and last year I think it was within a million or two tons of it. I made a little statement, which probably I can find here, that will give you those percentages. They are very interesting. The percentage for the year ending June 30th, 1908, was thirty and five-tenths and for this year it is thirty and three-tenths. As illustrating what I mean, I will take one period. Take the fiscal year ending June 30th, 1898. The gross receipts of the company were $21,986,834. In the year ending 1907, just ten years afterwards, they were $43,528,936. You see the gross receipts have doubled. Now take the item of merchandise. The merchandise receipts in 1898 were $7,163,000. In 1907 they were $16,360,000. The passenger receipts in the former period were $3,877.00; in 1907, $6,309,000. The miscellaneous receipts were $1,014,000 and in the latter period $2,039,000. The bituminous coal increased from $1,414,000 to $5,642,000. The anthracite increased from $8,517,000 to $13,088,000. In other words, there was fifty-two and nine-tenths per cent. increase in the ten years in the anthracite business; two hundred and ninety-two and five-tenths per cent. of increase in the bituminous business; eighty-five and five-tenths per cent. increase in the merchandise business; the passenger, which I did not figure, was one hundred per cent., and the miscellaneous one hundred per cent. I am using this now to show you that the increased prosperity of the Reading System has not come from anthracite coal. It has been a factor, of course. Without the anthracite coal, we would lose so much revenue; but the development of the Reading Railway System has been, during the past ten years, owing to the enormous increase of

traffic other than anthracite, and largely due to a policy of exchanges. Instead of the Reading System being an Ishmaelite, fighting everybody, we freely exchange at proper connecting points, with all the railroads, without discrimination or distinction, the Baltimore and Ohio, the Pennsylvania, the New York Central, the Lehigh Valley, and with all the railroads, so that they get the benefit of the traffic from our region and we get the benefit of the traffic that comes from all over the United States into this territory and into the ports here.

By JUDGE MOOT:

Q. In the temporary absence of Judge Campbell, I will ask you, if you did not make the exchange voluntarily, as an interstate carrier under the Interstate Commerce Act which you would be compelled to do now? A. Certainly. There is no competition between railroads, in rates, and cannot be under the Interstate Commerce Act. The competition is limited to facilities, and service. The explanation is very simple. Every rate must be published. Now take this example: suppose the Pennsylvania would publish a rate, a cut rate, say between Philadelphia and New York, reducing the rate twenty-five cents a ton. We would find that out immediately, because it cannot be a secret rate, it must be filed with the Interstate Commerce Commission. What would be the result? We would have to follow it and reduce our rate immediately, otherwise we would lose our traffic. So that the Interstate Commerce Act as a statute has had this effect, that there is no longer any possible competition between railroads as to rates. The only competition is in facilities and service, terminal facilities, and prompt handling, and there is the sharpest competition in that. There is a new connection being made with our system through Clearfield. We expect to compete with the northern lines of railroad sharply in trade to New York and Philadelphia. Why? Not because we will cut the rate, because that would do us no good—they would cut back—but because our distance has become shorter, with the single exception of the Pennsylvania

Railroad, and we can make better time and can give better facilities, and therefore we hope to get part of the trade.

By Judge Campbell:

Q. Preliminary to the negotiation whereby the Reading Company acquired a certain interest in the capital stock of the Central Railway Company of New Jersey, I would like you to state on the record the interdependent traffic relations of these two companies, or rather the dependence of the Philadelphia and Reading Railway system upon the tracks of the Central Railroad of New Jersey for its entrance to the Jersey City terminus for the conduct of traffic originating on and tributary to the Philadelphia and Reading Railway Company? A. Assuming that you have the maps, showing the locations of the different roads, it is apparent that the Jersey Central System was and is still absolutely essential to the Reading System to get an entrance to the New York harbor, which, of course, is the great harbor of the country. For years and years attempts were made to unite these two properties, which complement and supplement each other. They are not parallel and competing lines in any sense of the term. The Reading must get to New York over the Jersey Central System, and the Baltimore and Ohio, which is an important connection with the Reading and gives it some of its largest freight, must get to New York over the Central System. The Central Railroad fortunately has the best terminals in the harbor of New York; I mean rather facilities for the best terminals. They own large areas of land there that are capable of development to meet the wants of the company for a hundred years to come. You know the history of the different efforts. Twice an effort was made to unite the Jersey Central and the Reading. The last time reference is made to Judge Magill's decision, in which he declared that, under the laws of New Jersey, a lease could not be made. Whether or not that was good law, I do not know. An appeal was taken which was undecided, because the financial terms of that lease were impossible.

The commercial and the business part of the plan by which the Lehigh Valley and the Jersey Central were leased by the old Reading Company was absolutely and unqualifiedly false. It was the work of boys ignorant of financial conditions, and was bound to fail and it did fail utterly and the appeal never was tried, because the thing broke down financially. In December, 1900, I happened to be in New York and I was told that the gentlemen who controlled the New Jersey Central were tired of it and that the stock was for sale. I was also told that the Baltimore and Ohio Railroad had made an offer for this stock, which the parties had refused because they considered it too small. This information was a great surprise and I at once went to Mr. Morgan, who was a voting trustee of the Reading Company, and told him that the situation was most alarming; that it would be the ruin of the Reading property if an antagonistic company got control of the Jersey Central, or if the Baltimore and Ohio got us by the throat in that way and could control our terminals into New York, and that therefore the matter called for prompt action. I told him then that I always thought that the Jersey Central could be legally bought; that the limitations in the laws of New Jersey applied only to leasing and that, under the powers of the Reading Company and under the statutes of New Jersey, we could undoubtedly buy a majority of the stock. He told me to keep my own counsel and look up the whole subject and see what could be done. I came home and I made a critical and careful examination of the reports of the New Jersey Central Railroad for a number of years, to see what in my judgment its stock would be worth, taking into account the future possibilities. I also took up the question of how we could buy it and finance it. I made a report to Mr. Morgan in about a week's time. It took me a good while to get all the information I got, because I had to do it secretly, you know, as counsel. I sent it to Mr. Morgan and it was such a big letter that he did not read it until in a few days I called his attention to it, and then he picked it up and read it in the evening after business hours. When I got home, one night in Reading

there was a call at the telephone and I went to the phone and Mr. Morgan was there, telling me to come to New York immediately, that I must come on at once about that Jersey Central business. I went to New York the next morning. I saw Mr. Morgan and told him that if he thought the financial plan was sound and he could back it—it involved that collateral trust mortgage, you know, and the borrowing of money—that I would be responsible for the rest of it, that I thought it was sound. He said to me, "What do you think is the fair price?" I said, "I have named what I think is the fair price in there." He called for Mr. Baker, who was the chairman of their committee, or a leading man in it. Mr. Baker came over and we sat down and dickered for about five minutes, until Mr. Baker said they would take one hundred and sixty and I said I thought I would advise that, and I went to the phone and called up Mr. Welsh and Mr. Harris, who were, with myself, a majority of the executive committee and they said, "Yes," and the deal was closed. That is the whole story. We did not even make a writing about it. Mr. Baker said he would undertake himself and with Mr. Maxwell and friends to deliver us a majority of the stock. I do not know what further I can say about it.

By Mr. Dickson:

Q. It was not done to stifle competition? A. Indeed, it was to enable us to compete with the people that had us by the throat in the New York harbor and it was absolutely essential to the prosperity of the Philadelphia and Reading Railway Company and the territory that depends upon the Philadelphia and Reading Railway for transportation that we should get terminals in New York. Instead of stifling competition, it created the competition that has led to hourly trains—the best trains, let me say, in the world—between here and New York, in competition with the Pennsylvania Railroad, which, take it all in all, is the greatest railroad—I will not say it is the best—in the world.

By Judge Campbell:

Q. To respond to the allegations of this petition, was this purchase of this interest which the Reading holds

in the Central Railroad Company's stock, induced by any understanding or agreement, or combination with other defendants in this suit, or any of them? A. They knew nothing about it. I do not think they would have liked it then, or that they like it very much now. There was nobody that knew anything about it. There was no consultation with anybody, except the story as I have given it to you. It really was my own initiative when I heard that this property was for sale, and the general impression that the New Jersey Central had was that, because these prior suits had been decided against us, the Reading could not take it and we were not considered as a factor in the purchase at first. When I heard that it was for sale, I simply said: "We can take that property by buying the stock," and it was so secretly done that nobody knew anything about it until the thing was consummated, except Mr. Twombley, Mr. Robert Bacon and Mr. Morgan. Mr. Twombley happened to be in Mr. Morgan's office—in fact, it was in Mr. Twombley's office that I heard first that this stock was for sale.

Q. One of the allegations of the plaintiff's petition is that, instead of an outright purchase of securities and stocks, this was effected by means of a mere exchange of securities. A. Exchange of securities?

Q. Yes; in other words, that the Reading Company in payment for that stock exchanged its collateral trust bonds with the owners of the stock for their stock. What is the truth about that? A. Why, no.

Q. That is the allegation in the petition. A. Where do such stories arise? When we determined to take it, we took the usual way of creating a syndicate, and the Reading bonds were sold to the syndicate and they paid their money for them. The only trouble I had about that was that some of the Philadelphians here complained that they did not get a big enough share in the syndicate. All those bonds were sold in the regular way. The bankers formed a syndicate and subscribed for them and put them on the market, and they are good bonds everywhere except in your State of New York, where,

under the insurance laws, they seem to be tabooed for insurance companies; but other people consider them about the safest bond there is to be found anywhere. It is not creditable to your New York legislation on insurance investments.

Q. At the expense of some reiteration and repetition I would like to ask you two or three questions suggested by the terminology of the so-called Sherman Anti-Trust Act, which declares in Section 1, that every contract, combination in the form of a trust or otherwise, or conspiracy in restraint of trade or commerce among the several States is declared to be illegal. In respect of any of the transactions to which your attention has been called, has there been any contract, or combination in the form of a trust or otherwise, or conspiracy, whether in restraint of trade or otherwise, with and of the other defendants in this case in connection with the conduct of the business of mining, or selling, or transporting the same, or in respect of the acquisition of Jersey Central stock by Reading Company? A. None whatever.

Q. In Section 3 it provides that every contract, combination in the form of a trust or otherwise, or conspiracy in restraint of trade or commerce in any of the United States, &c., is declared illegal. Has there been any combination or confederation of any kind, nature or form between these defendants or between your defendants and anybody else in respect of these matters? A. I do not know of any. I have been no party to any conspiracy or combination. My object has been to develop trade and not to restrain it.

Q. Is there anything in the relations between these parties to restrain the Philadelphia and Reading Railway Company from carrying all the traffic it can procure? A. Nothing whatever.

Q. Is there any understanding between the companies that the Philadelphia and Reading Coal and Iron Company shall not produce and sell all the coal for which it can find a market? A. None whatever. We are absolutely free to sell.

Q. Is there any understanding or agreement between these parties whereby the other defendants are limited or restrained in any manner or form from the production and sale of all the coal they can find a market for? A. I know of none and have never been a party to any.

Q. Or to restrain the railroad companies from transporting all the traffic which they can obtain? A. No agreement in restraint of trade in any way or form. Every company is free to do as much business as it can, in its own way.

Q. What was the business of this Excelsior Company, which subsequently became the Reading Company, when you first knew it? A. The first I knew it, it was building the Bound Brook Road.

By JUDGE CAMPBELL:

Q. It was a railroad crossing New Jersey, where the predecessor had run? A. Yes, sir; the old National, what is now the Bound Brook.

By MR. MCREYNOLDS:

Q. Why was that charter taken up, instead of a new one being taken out, at the time the Reading Company was put in possession of the stocks? A. Because its corporate powers suited us exactly for the purposes that we intended.

Q. It was an old company, incorporated many years before by the Legislature? A. Yes, sir, and antedated the new Constitution, and, out of double precaution, we had the Attorney General proceed against us to test the validity of the charter in every way before we used it, and it was held to be a valid subsisting charter by the State.

Q. It was taken up because it antedated the present Constitution of Pennsylvania? A. And had corporate powers that could not have been obtained by special legislation. Under the new Constitution all legislation must be general in Pennsylvania, and this was an old, valid, subsisting charter, which had special powers which we deemed valuable, and have proven so.

Q. Has there been any change in the arrangement between the two roads in reference to operations over that part of track of the New Jersey Central Railroad lying between Bound Brook and Jersey City? A. There have been different operating arrangements that were made by the Operating Department, but none that amount to anything. They are the details of management.

Q. The same general arrangement is in effect to-day as existed prior to the acquisition of the stock of the Jersey Central by the Reading Road? A. Yes, sir, but the reason of the acquisition was, that that arrangement was threatened very violently. It was to secure that for all time that the stock was purchased.

Mr. Reynolds offered in evidence testimony of Mr. Robert DeForrest in the old case, volume 2, pages 684 and following:—

Deposition of Robert W. de Forest, called as witness for the Government in the old suit (Vol. 2, pages 684-686).

Stipulation with Department of Justice as to the so-called commodities pleading.

By Judge CAMPBELL:

Q. In the cross examination of Mr. Baer on Monday afternoon, toward the close of the session, there was introduced in evidence a portion of the answer of the Central Railroad Company of New Jersey in the so-called commodities case at the suit of the United States. State whether in that connection you were solicitor and counsel for the Central Railroad Company of New Jersey in the preparation and filing of the pleadings in that case as well as counsel for other defendants in other cases arising under the commodities clause of the so-called Hepburn Act? A. I was counsel for the Central Railroad Company of New Jersey in the commodities case for the purposes indicated in your question, and I was also in association with Mr. John G. Johnson,

counsel for the railroad companies defendants in the other cases which together had been grouped as the commodities cases, and were argued both in the Circuit and the Supreme Courts.

Q. State whether the form and substance of the mutual altercations of the parties to those litigations which comprised the pleadings therein, had been the subject of conference between yourself and the Attorney-General of the United States and his special assistants? A. Yes, sir.

Q. State whether or not it is true that those mutual allegations, demands, and so forth, and so forth, were devised by the counsel for the Government and the defendants for the purpose of speeding and expediting the cause and avoiding the necessity for taking strict proofs? A. This is true: I drew the answer of the Central Railroad Company of New Jersey in such form as to all matters of fact that I expected and hoped that it would be taken for purposes of that litigation for the Attorney-General in order to raise the questions of law, and it was so taken.

Q. State whether in connection with these pleadings there was an understanding between yourself and the Attorney-General and his assistants that these allegations in the forms presented for the purpose of raising the issues under the act of Congress were not to be used by or for the Government of the United States in any other litigation? A. There was a stipulation entered into, as I remember, at the instance of the Attorney-General, in all these suits, providing that the allegations of the pleadings should be deemed true and taken only for the purposes of those suits. That stipulation is in writing.

Q. Will you kindly produce that stipulation and hand it to the Examiner, to be placed upon the record in connection with your testimony, and at the same time supply the counsel for the Government with a copy? A. I will.

(It is understood that the foregoing objection by the Government to this line of testimony shall be understood as applying to each question and answer.)

The statement produced by the witness is as follows:

"In the Circuit Court of the United States for the Eastern District of Pennsylvania.

"In Equity.

"April Sessions, 1909. No. 87.

"*United States of America, Complainant,*

"vs.

"*Erie Railroad Company, Defendant.*

"It is stipulated and agreed between counsel in the above cause that its submission on bill and answer and any averment or admission in the pleading of either party contained shall in nowise prejudice the said parties in any other suit or proceeding heretofore or hereafter instituted, and shall be operative and take effect only with respect to the present suit and for the purposes thereof.

"CHARLES J. BONAPARTE,
"*Attorney-General.*

"JOHN G. JOHNSON,
"*Atty. for Deft.*

"ROBERT W. de FOREST,
"*Atty. for Defts.*

"Same stipulation filed in 85-89-91-95-97."

Mr. Reynolds also offered in evidence testimony of Robert DeForrest in the old case, volume 2, pages 678 and 684, as follows:

Deposition of Robert W. de Forest, called as witness for the Government in the old suit (Vol. 2, pages 678-684).

Proofs relating to ownership of stock of Lehigh & Wilkes-Barre Coal Company, its intermediate status and its final pledge under the General Mortgage of the Central Railroad of New Jersey, July 1st, 1887, under the authority of the United States Circuit Court for the District of New Jersey.

Proofs relating to ownership of stock of the Lehigh and Wilkes-Barre Coal Company.

IN CHANCERY OF NEW JERSEY.

Between

The Lehigh Coal and Navigation Company, Complainant,

and

The Central Railroad Company of New Jersey, Defendant.

ORDER AUTHORIZING RECEIVER AND COMPANY TO JOIN IN AN AGREEMENT FOR RE-ADJUSTMENT, MORTGAGING AMONGST OTHER PROPERTY THE LEHIGH AND WILKES-BARRE COAL COMPANY STOCK.

Benjamin Williamson, of counsel of Francis S. Lathrop, the Receiver appointed in this cause by this Court, having appeared before and presented to the Court a proposed agreement for the equitable adjustment of the affairs of the Central Railroad Company of New Jersey, without a foreclosure, embracing the following parties, that is to say:—

First.—The holders of the bonds of the Lehigh and Wilkes-Barre Coal Company.

Second.—The holders of the bonds of the American Dock and Improvement Company.

Third.—The holders of the convertible and consolidated bonds of the said railroad company, secured by a mortgage made by said company to the New York Guaranty and Indemnity Company.

Fourth.—The stockholders of the said Central Railroad Company.

Fifth.—The Lehigh and Wilkes-Barre Coal Company.

Sixth.—The Receivers of the last-named company.

Seventh.—The Lehigh Coal and Navigation Company.

Eighth.—The North Pennsylvania Railroad Company and the Delaware and Bound Brook Railroad Company.

Ninth.—The Central Railroad Company of New Jersey.

Tenth.—The Receiver of the last-named company, by which said parties interchangeably agree to do and perform all the matters and things by them respectively to be performed as are in each and all the items thereof set forth.

First.—By the said proposed agreement the said The Central Railroad Company is to be released from its guaranty upon six millions one hundred and sixteen thousand ($6,116,000) dollars bonds of The Lehigh and Wilkes-Barre Coal Company and also from its guaranty of so many of the remaining five millions three hundred and eighty-four thousand ($5,384,000) dollars of said last-mentioned bonds as shall be owned by persons signing said agreement, the consideration for which is the giving of a preference and priority as to interest to those owners of the said five millions three hundred and eighty-four thousand ($5,384,000) dollars as shall sign said agreement over the owners of the said six millions one

hundred and sixteen thousand ($6,116,000) dollars of said bonds, in the manner particularly specified in the annexed agreement.

* * * * * *

Third.—By the third item of the said agreement the holders of the convertible and consolidated bonds of The Central Railroad Company of New Jersey agree that the coupons thereon which are first payable within two and a half years from and after the date for payment of the coupons which were last payable before the appointment of the said Francis S. Lathrop as Receiver aforesaid shall be cancelled on receiving bonds to be issued by the said The Central Railroad Company of New Jersey, payable in twenty-five years, or any time prior thereto, at the option of the said last-mentioned railroad company, bearing interest at the rate of seven per cent. per annum, payable half yearly; such new bonds and the original bonds from which such coupons are to be taken and cancelled are to be secured by a mortgage, the issue of new bonds under which shall not exceed five millions five hundred and fifty thousand ($5,550,000) dollars on divers properties specified in said third item (among which properties was 132,000 shares of the capital stock of The Lehigh and Wilkes-Barre Coal Company of a par value of $6,600,000).

* * * * * *

Fifth.—By the fifth item of the said agreement the Lehigh and Wilkes-Barre Coal Company and the receivers thereof, with the requisite permission of the Court which appointed them, agree to make and issue the bonds and give the preference to interest on bonds, and in the sinking fund, as provided for in the first item of the agreement, and in all things to perform the conditions and provisions of the said item.

Sixth.—By the seventh item of the said agreement, the said Francis S. Lathrop, Receiver, as aforesaid, agrees that, with the consent of this Court, he will comply with and perform the terms and conditions of the first, second,

third, and fourth items of said agreement, and will in all things carry out and perform all the provisions and conditions of said agreement for him to perform, and will apply the money that may accrue by reason of the provisions of said agreement, and the income of the railroads in his charge, so as to discharge the liabilities of the said Central Railroad Company for the said indebtedness of about four millions five hundred thousand ($4,500,000) dollars, or the unpaid balance thereof, while at the same time protecting the rights of the property of those interested in said railroad company as bondholders and as stockholders.

* * * * * *

And the said counsel having moved that an order be made in the cause permitting and authorizing the said Francis S. Lathrop, as Receiver as aforesaid, and the said The Central Railroad Company of New Jersey to each sign the said proposed agreement, and to perform the same so far as the same is by them, respectively, to be performed, and the Court being of opinion that the said agreement is in and by its terms and provisions reasonable, equitable and just, and conducive to the best interests of all the parties interested in the property, rights, and business of the said railroad company, if executed and carried into effect, and that if it should fail to be sufficiently assented to to be put in course of performance or of complete performance, that no party interested in the said property, rights, and business will be placed in any worse position or condition than he or it now is, it is, on this second day of March, 1878, by the Chancellor of the said State of New Jersey.

Ordered, That the said Francis S. Lathrop, as Receiver as aforesaid, have permission and authority, and permission and authority are hereby given to and vested in him to sign the said agreement, as Receiver aforesaid, and to perform the same so far as by the terms thereof, he as Receiver as aforesaid can or should perform the same; and for the performance thereof he is hereby

authorized to employ and make use of such means and agencies as he may deem suitable and necessary for that purpose.

And it is further ordered, That the injunction ordered in this cause against the said Central Railroad Company of New Jersey by the order therein, bearing date the 14th day of February, 1877, be and the same hereby is so far relaxed and modified as to permit and authorize the said Central Railroad Company of New Jersey to make, duly execute, and deliver the bonds and the mortgage mentioned and provided for in third item of the said proposed agreement, the income bonds mentioned in the fourth item of said proposed agreement, and to perform all other parts of said proposed agreement, which by the terms thereof are to be done or performed by the said The Central Railroad Company of New Jersey, and to do whatever may be necessary to the full and effectual performance.

This order, however, is made without prejudice to the rights of any person interested in the property or the assets of the said Central Railroad Company of New Jersey, as creditor or stockholder, who shall not have signed said agreement, reserving to them the right to apply to this Court accordingly.

(Signed) THEODORE RUNYON, *C.*

Proof that the stock of the Lehigh and Wilkes-Barre Coal Company came into the possession of the Receiver the Court of Chancery.

IN CHANCERY OF NEW JERSEY.

Between

The Lehigh Coal and Navigation Company, Complainants,

and

The Central Railroad Company of New Jersey, Defendants.

EXHIBIT A, MAY 8TH, 1882. AMZI DODD, MASTER.

Inventory of all the estate, property, and effects of the Central Railroad Company of New Jersey, of every kind and description, which came into the possession of Francis S. Lathrop, as Receiver, on February 15th, 1877, when he entered upon his duties, as nearly as the same could be ascertained.

* * * * * *

SCHEDULE 1.

CASH SECURITIES AND ACCOUNTS RECEIVABLE, &C.

The values affixed to the following named securities and accounts receivable are those at which such securities or accounts stand upon the books of the company, and are here inserted, not for the purpose of fixing the value thereof, but for the purpose of connecting this inventory with the said books.

* * * * * *

6,116 Lehigh and Wilkes-Barre consolidated bonds.....	$5,843,183.75
Stock of the Lehigh and Wilkes-Barre Coal Company, par value $6,649,250.....	5,789,038.26

Proof that the stock of the Lehigh and Wilkes-Barre Coal Company was delivered back by the Receivers to the company by decree of Court.

IN CHANCERY OF NEW JERSEY.

Between

The Lehigh Coal and Navigation Company, Complainant,

and

The Central Railroad Company of New Jersey, Defendant.

DECREE FOR DISSOLUTION OF INJUNCTION, SURRENDERING PROPERTY, &C.

On reading the report of Joseph D. Bedle, special master, made the sixteenth day of May, eighteen hundred and eighty-three, in pursuance of an order of reference bearing date the fourth day of May, eighteen hundred and eighty-three, in the above cause, on the petition of the Central Railroad Company of New Jersey to dissolve the injunction issued on the fourteenth day of February, eighteen hundred and seventy-seven, and to direct Henry S. Little, the Receiver, to surrender and deliver up into the possession, management, and control of the said company all the property of whatever kind or description now in his possession as Receiver, the facts stated in the said petition being admitted in writing to be true by the Receiver.

* * * * * *

It is, on this nineteenth day of May, in the year eighteen hundred and eighty-three, by the Chancellor ordered, adjudged, and decreed that the said report of the Master be confirmed in all things, and that the Receiver do surrender, transfer, and deliver over to the Central Railroad Company of New Jersey all the property, of whatever kind or description it may be, now in the possession or control of the Receiver, except certain unencumbered assets amounting nominally to four million nine hundred and eighty-seven thousand two hundred and three dollars and twelve cents, referred to in the Master's report, and the particulars of which appear in Exhibit 2.

This property included all the stock of the Lehigh and Wilkes-Barre Coal Company which had come into possession of the Receiver and which stood upon the books of the company at $5,789,088.26, as appears by Exhibit 3, annexed to the report of J. D. Bedle, Master.

Proof of execution by the authority of the United States Circuit Court of the general mortgage of July 1st, 1887, which included the stock of the coal company.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

John S. Kennedy et al.

vs.

The Central Railroad of New Jersey.

The petition of the Central Railroad Company of New Jersey, corporation defendant, respectfully represents:—

First.—That at the request of the representatives of the holders of a majority of the indebtedness of the corporation a committee was appointed to prepare and submit a plan for the reorganization of the company, and after a careful examination of its affairs and property the board of directors and the reorganization committee have prepared a plan for the readjustment of its affairs which has received the approval and recommendation of the Receivers heretofore appointed in the cause, and having been submitted to the creditors and stockholders has already been approved by them to such extent as to warrant the belief that the same can be carried into successful execution.

A copy of the plan of the reorganization committee and of the proposition made by the corporation defendant to its stockholders and certain of its creditors is herewith submitted, marked "Exhibit A."

Second.—And your petitioner further shows that by reference to the said plan it will appear that it contemplates the issue of $50,000,000 one-hundred-year gold bonds, bearing interest at such rates as may be fixed at the period of issue from time to time, not exceeding 5 per cent. per annum, with coupons attached payable semi-annually and when registered, interest payable quarterly, to be secured by a general mortgage covering all the property of the company, including all the se-

curities representing control of the necessary constituent companies and all equipment now subject to special car trust liens.

Third.—Your petitioner further shows that by the original order of October 15th, 1886, an injunction was issued against the defendants and the persons claiming to act by, through, or under them, and all other persons, to restrain them from taking possession and managing said property, with leave to any party in interest to apply for further directions.

Your petitioner therefore prays that the said injunction may be so far relaxed as to permit the corporation defendant, at the discretion of its board of directors, to exercise its corporate powers and franchises, for the purpose of making, executing and delivering the proposed mortgage, and of creating, issuing, and disposing of so many of the said bonds as may be necessary for carrying the said plan into effect by the taking up or providing for all of the overdue obligations of the company defendant.

And your petitioner will ever pray.

CENTRAL R. R. CO. OF NEW JERSEY,
J. R. MAXWELL, *Pt.*

B. WILLIAMSON,
Sol. & Counsel of Petitioners.

STATE OF NEW YORK,
CITY AND COUNTY OF NEW YORK, } *ss:*

J. Rogers Maxwell, being duly sworn, says: I am the president of the Central Railroad Company of New Jersey, and have read the foregoing petition, and the facts therein stated, of my own knowledge, are true, and so far as they are stated upon the information of others I believe them to be true.

J. R. MAXWELL.

Sworn and subscribed to before me this thirteenth day of June, A. D. 1887.

JOHN L. CONOVER,
Master in Chancery of New Jersey.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

John S. Kennedy et al.

vs.

The Central Railroad of New Jersey.

And now, June 15th, 1887, upon consideration of the petition of the Central Railroad Company of New Jersey this day filed, it is ordered and decreed that the injunction heretofore issued by the order of October 15th, 1886, be, and the same is hereby, so far relaxed as to permit the said corporation defendant, at the discretion of its board of directors, to exercise its corporate powers and franchises for the purpose of making, executing, and delivering a general mortgage covering all the property of the company, including all the securities representing the control of its necessary constituent companies, and all equipment, including that now subject to special car trust liens for the purpose of securing the proposed issue of $50,000,000 one hundred year gold bonds, and to sell, deliver, and to exchange such of the said bonds as may be necessary for the purpose of carrying the said plan into operation.

It is further ordered that the exchange of the new bonds for old securities and the application of the proceeds of the bonds sold shall be made by the receivers appointed in this cause.

W. McKENNAN,
Cir. Judge.

(A true copy.)

[SEAL] S. D. OLIPHANT,
Clerk.

Extract from Adjustment Mortgage, dated May 1st, 1878, executed by the Central Railroad Company of New Jersey to John S. Kennedy, John Edgar Johnson, and

Jacob D. Vermilye, Trustees, comprising description of the stock of the Lehigh and Wilkes-Barre Coal Company, as included in said Mortgage.

"*Seventh.*—One hundred and thirty-two thousand shares of the capital stock of the said Lehigh and Wilkes-Barre Coal Company of the par value of fifty dollars each, amounting in the aggregate, at par, to six millions six hundred thousand dollars, now belonging to said party of the first part."

Extract from General Mortgage, dated July 1st, 1887, executed by the Central Railroad Company of New Jersey to the Central Trust Company of New York, Trustee, comprising description of the stock of the Lehigh and Wilkes-Barre Coal Company, as included in said Mortgage.

"*Seventh.*—One hundred and thirty-two thousand shares of the capital stock of the said Lehigh and Wilkes-Barre Coal Company of the par value of fifty dollars each, amounting in the aggregate at par, to six millions six hundred thousand dollars, now belonging to the railroad company."

Mr. Reynolds also offered in evidence remaining portion of the agreed statement in the old case respecting the Reading Company, which was omitted from that portion which was put in by the government, as follows:—

Agreed Statement as to the Reading Company, Philadelphia and Reading Railway Company, and the Philadelphia and Reading Coal and Iron Company.

Volume 4, pages 521 to 528, inclusive, and 542 of the old case.

I.

May 24th, 1880, The Circuit Court of the United States for the Eastern District of Pennsylvania entered an order in a certain suit in Equity, wherein Moses Taylor, a citi-

zen of the State of New York, was complainant and The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company were defendants, appointing Edwin M. Lewis, Franklin B. Gowen and Stephen A. Caldwell Receivers "of said corporation defendant, and of the railroad, real and personal property and estate of the said The Philadelphia and Reading Railroad Company, and of all the property, privileges, franchises and powers of the said The Philadelphia and Reading Railroad Company and of the said The Philadelphia and Reading Coal and Iron Company of whatever kind or description or wheresoever situated," &c., and "that an injunction be issued against the defendants, and all persons claiming to act by, through or under them, or other persons, to restrain them from interfering with the said Receivers' taking possession and managing said property," &c.

February 14th, 1883, an order was entered in said suit and in another suit in the same Court wherein the Farmers and Mechanics National Bank was complainant and the said Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were defendants, on the petition of The Philadelphia and Reading Railroad Company and the Philadelphia and Reading Coal and Iron Company, "that the Receivers surrender, transfer and hand over" unto the Union Trust Company of Philadelphia, Trustee, the properties and premises in their hands.

May 16th, 1884, a further order was entered in the said suit reciting, "and it appearing from the report of the Master that the said Receivers have surrendered, transferred and handed over to The Philadelphia and Reading Railroad Company and to The Philadelphia and Reading Coal and Iron Company all the property, real and personal, in their possession, or under their control which they were directed to surrender and transfer to the said corporations by the decree of February 14th, 1883, and that they have duly accounted, under the direction of the Master, &c., * * * that the said Edwin M. Lewis,

Franklin B. Gowen and Stephen A. Caldwell, be and they are hereby relieved and discharged from the office of Receivers, &c."

II.

June 2d, 1884, The Circuit Court of the United States for the Eastern District of Pennsylvania entered an order in another suit in equity wherein Henry C. Kelsey, a citizen of the State of New Jersey was complainant, and The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were defendants, by which it appointed Edwin M. Lewis, George deB. Keim and Stephen A. Caldwell Receivers of "said corporations defendant, and of all the railroads and canals owned, leased or operated by the said The Philadelphia and Reading Railroad Company and of all the real and personal property of The Philadelphia and Reading Coal and Iron Company and of the said Philadelphia and Reading Railroad Company of whatever kind or description," &c., and "that an injunction be issued against the defendants or other persons claiming to act by or under them, and all other persons, to restrain them from interfering with the said Receivers and taking possession of and managing said property."

By due and apt proceedings and due appointment and order of the Court, Austin Corbin was appointed Receiver in lieu of said Edwin M. Lewis, then deceased, and thereafter, December 14th, 1887, the then Receivers—George deB. Keim, Stephen A. Caldwell and Austin Corbin—were, by an order entered in the said suit and in other suits then pending in the same Court, released and discharged from the office of Receivers for The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company. Whereupon, said Receivers surrendered and delivered up the property and premises and the possession and control thereof, respectively, to The Philadelphia and Reading Railroad Company and to The Philadelphia and Reading Coal and Iron Company.

III.

January 3d, 1888, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, having resumed the possession, control and operation of their several properties, estates and franchises, free from the said injunction, executed severally the several Mortgages or Deeds of Trust below mentioned, wherein each conveyed separately, but in the same instrument, unto The Pennsylvania Company for Insurances on Lives and Granting Annuities, the several properties, estates and franchises therein mentioned, that is to say:—

1. A General Mortgage made to secure an issue of bonds of The Philadelphia and Reading Railroad Company to the amount of $100,000,000, bearing interest.

2. Another Mortgage, specifically made subject to the lien of the General Mortgage above mentioned, called "First Preference Income Mortgage," to secure an issue of the bonds of The Philadelphia and Reading Railroad Company to the amount of $25,000,000.

3. Another Mortgage, specifically made subject to the lien of the two preceding mortgages above mentioned in the order of their succession and priority, called "Second Preference Income Mortgage," to secure an issue of bonds of The Philadelphia and Reading Railroad Company to the amount of $26,140,518.

4. Another Mortgage, made specifically subject to the three mortgages above mentioned, in the order of their succession and priority respectively, called "Third Preference Income Mortgage," to secure an issue of the bonds of The Philadelphia and Reading Railroad Company, to an amount to be thereafter determined by the

Board of Managers of the said The Philadelphia and Reading Railroad Company, in accordance with the terms and limitations expressed and limited in the said "Third Preference Income Mortgage."

IV.

Default having been made by the said The Philadelphia and Reading Railroad Company in respect of certain of its obligations, February 20th, 1893, the Circuit Court of the United States for the Eastern District of Pennsylvania entered an order in a certain suit in equity wherein Thomas C. Platt, a citizen of the State of New York, was complainant, and The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were defendants, appointing Archibald A. McLeod, Edward M. Paxson and Elisha P. Wilbur Receivers "of said corporations and all the railroads and canals owned, leased or operated by the said The Philadelphia and Reading Railroad Company, and all the real and personal property of the said The Philadelphia and Reading Coal and Iron Company and of the said The Philadelphia and Reading Railroad Company of whatever kind and description and wheresoever situated," &c., and further ordering and directing that "an injunction be issued against the defendants and all other persons claiming to act by, through or under them, and all other persons to restrain them from interfering with the said Receivers, taking possession of, and managing the said property," &c.

Thereafter, by due and apt proceedings and due appointments and orders of the Court, entered in the said suit from time to time, Joseph S. Harris was appointed Receiver in place and stead of the said Archibald A. McLeod, who had resigned, and later John Lowber Welsh was appointed Receiver in place and stead of Elisha P. Wilbur, who had resigned.

V.

A Bill in Equity was exhibited in the said Circuit Court of the United States for the Eastern District of Pennsylvania by the said The Pennsylvania Company for Insurances on Lives and Granting Annuities, respecting the property and premises so in the hands and possession of the said Receivers so appointed by the said Court, as aforesaid, setting up and describing the said General Mortgage of January 3d, 1888, the default of the said The Philadelphia and Reading Railroad Company to pay the moneys, or some of them, secured to be paid by the said bonds so issued by The Philadelphia and Reading Railroad Company, and by the said General Mortgage or Deed of Trust, praying the Court, among other things, to ascertain and fix the amount due and to become due to the holders of the said issue of bonds, to pronounce judgment for the same and in default of payment to order and direct the sale by the said Trustee of the said property and premises of the said The Philadelphia and Reading Railroad Company and of the said The Philadelphia and Reading Coal and Iron Company, so mortgaged, pledged and conveyed in and by the said General Mortgage of January 3d, 1888.

VI.

Pending the order, judgment and decree of the said Court, pursuant to the prayers for relief set forth in the said last above-mentioned Bill of Complaint, the holders of divers of the bonds and obligations of the said The Philadelphia and Reading Railroad Company, and of the shares of the capital stock of the said Company, appointed a Committee to represent them severally in the event of the decree then anticipated to be speedily entered in the said suit, for the sale of the said properties and premises of the said defendants, The Philadelphia and Reading Railroad Company and the said The Philadelphia and Reading Coal and Iron Company, and the foreclosure of their equity of redemption therein.

VII.

May 1st, 1896, a decree was entered in the said Court in the said suit, wherein The Pennsylvania Company for Insurances on Lives and Granting Annuities was plaintiff and The Philadelphia and Reading Railroad Company; The Philadelphia and Reading Coal and Iron Company; Thomas C. Platt, the complainant in the suit above mentioned; Edward M. Paxson, Jospeh S. Harris and J. Lowber Welsh, the said Receivers of the said companies so appointed as aforesaid, and others, were defendants, reciting the execution and delivery of the said above-mentioned General Mortgage and of the several Income Mortgages above mentioned and the execution and delivery of the said several issues of the bonds of the said The Philadelphia and Reading Railroad Company secured by the said several mortgages; the default of The Philadelphia and Reading Railroad Company in the payment of interest upon the said issue of General Mortgage Bonds, &c., and reciting, in Paragraph XX, the amount outstanding and unpaid of certificates of the said Receivers issued pursuant to the orders of the Court in the said cases then pending, wherein it was, among other things, ordered, adjudged and decreed that the properties, premises and franchises of every description, described in the said General Mortgage, or by the said decree adjudged to have become subject thereto, except the property sold since the date of said Mortgage under the powers therein reserved should be sold as thereinafter directed, and thereafter barring and foreclosing the equity of redemption of the said mortgages and all persons claiming under them, or either of them.

It was, in the said decree, directed that:—

1. Such sale may and shall be made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, and that on an order confirming such sale and upon the payment or settlement of the purchase price,

the Trustees should grant and convey the property sold to the purchaser or purchasers, and execute and deliver a proper deed or deeds of conveyance thereof.

2. That the mortgaged property of The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers from the operation thereof, and that the mortgaged property of The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire property pledged to the complainant by the Reconstruction Trustees, as set forth in the Bill of Complaint in said case, should be sold severally and respectively in each case as a whole, subject, however, to the right of a majority in interest of the General Mortgage bonds outstanding by requisition in writing to be delivered to the Trustee at any time before the sale, to direct the Trustee to sell such properties in such parcels as they may deem best.

3. The fact of purchase and acceptance of the deed or deeds by the purchaser or purchasers shall not be construed as an election to accept any contract, agreement or term sold with the railroads and other property and franchises, which within ninety days after the delivery of the deed he shall not have elected to assume.

VIII.

Amongst the leasehold interests of the Railroad Company so sold, which were not taken and accepted by the purchasers, were the leases of the Catawissa Railroad Company, the Mine Hill and Schuylkill Haven Railroad Company and the Little Schuylkill Navigation Railroad and Coal Company, whose lines included the line of the East Mahanoy Railroad. Subsequently the East Ma-

hanoy Railroad Company made a new lease to the said Little Schuylkill Navigation Railroad and Coal Company, which afterwards made a new lease of its lines, including its said leased line, directly to the defendant, Philadelphia and Reading Railway Company, which also took and now holds new leases of their lines from the Catawissa Railroad Company and the Mine Hill and Schuylkill Haven Railway Company. The said leased lines of railroad, now forming part of the Railway Company's system, were therefore, acquired by it directly and not through the said decree of foreclosure or the sales made thereunder.

* * * * * * * * * *

XII.

May 24th, 1887, an order was entered in the suit of the Commonwealth of Pennsylvania, against The Philadelphia and Reading Railroad Company and others to No. 98 of the Equity Docket, in the Court of Common Pleas of Dauphin County, Pennsylvania, denying the motion of the Complainant for a preliminary injunction, since which time no further proceedings have been taken.

XIII.

The before mentioned orders of the Circuit Court of the United States, affecting The Philadelphia and Reading Railroad Company or The Philadelphia and Reading Coal and Iron Company and their Receivers; the several leases and agreements above recited, and the Mortgage or Deed of Trust made by the Reading Company to the Pennsylvania Company for Insurances on Lives and Granting Annuities, Trustee, may, at the hearing be referred to and read from by either side with like effect as though the same had, each and severally, been proved in evidence, in their entirety.

Mr. Reynolds offered in evidence copy of the Court proceedings on re-organization of the so-called Reading Company, as follows:—

DECREE OF FORECLOSURE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

In Equity. April Sessions, 1895. No. 9.

The Pennsylvania Company for Insurances on Lives and Granting Annuities

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company; Thomas C. Platt; Edward M. Paxson, Joseph S. Harris, and J. Lowber Welsh, Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company; and The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustees of a mortgage known as the Preference Income Mortgage.

And now, 1st May, 1896, the above cause coming on to be heard on the pleadings and proofs, and having been duly considered by the Court upon motion of John G. Johnson, solicitor for the complainant,

It is ordered, adjudged and decreed as follows, to wit:—

I. That the material allegations in the bill of complaint of The Pennsylvania Company for Insurances on Lives and Granting Annuities filed in this cause on the 2d day of March, 1895, are true.

II. That the defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, are corporations duly created by and existing under the laws of the State of Pennsylvania.

III. That on or about the third day of January, 1888, in pursuance of powers duly conferred by its stockholders and its directors, the said defendant, The Philadelphia and Reading Railroad Company, made, executed and delivered to the complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, its certain mortgage or deed of trust, herein called the General Mortgage, bearing date the third day of January, 1888, and thereby conveyed to said complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, and to its successor or successors in the trust, all the railroads of the said defendant, The Philadelphia and Reading Railroad Company, in and by the bill of complaint more specifically described, including the following railroads, to wit:—

The Main Line, the Lebanon Valley Branch, the Lebanon and Tremont Branch, the Mahanoy and Shamokin Branch, the Mt. Carbon Branch, the Schuylkill and Susquehanna Branch, the Port Kennedy Branch, the West Reading Branch, the Moselem Branch;

The leasehold interest in the Philadelphia, Germantown and Norristown Railroad;

The leasehold interest in the Chestnut Hill Railroad;

The leasehold interest in the Plymouth Railroad;

The leasehold interest in the Colebrookdale Railroad;

The leasehold interest in the East Pennsylvania Railroad;

The leasehold interest in the East Mahanoy Railroad Company and the Little Schuylkill Navigation Railroad and Coal Company;

The leasehold interest in the Schuylkill Valley Navigation and Railroad Company;

The leasehold interest in the Mill Creek and Mine Hill Navigation and Railroad Company;

The leasehold interest in the Mt. Carbon and Port Carbon Railroad;

The leasehold interest in the Mine Hill and Schuylkill Haven Railroad;

The leasehold interest in the canal and navigation works

of the president, managers and company of the Schuylkill Navigation Company;

The leasehold interest in the canal and navigation work of the Susquehanna Canal Company;

The leasehold interest in the railroad of the Catawissa Railroad Company;

The leasehold interest in the railroad of the Pickering Valley Railroad Company;

The leasehold interest in the railroad known as the Philadelphia and Chester Branch;

The leasehold interest in the main line of the railroad of the North Pennsylvania Railroad Company and the branches thereof known as the Delaware River Branch and the Doylestown Branch;

The leasehold interest in the railroad of the Delaware and Bound Brook Railroad Company, together with the branch known as the Trenton Branch;

The leasehold interest in the Schuylkill and Lehigh Railroad;

The leasehold interest in the Shamokin, Sunbury and Lewisburg Railroad;

Together with all the real estate of the said The Philadelphia and Reading Railroad Company wherever the same might be situated, and all real estate which might be thereafter acquired by the said The Philadelphia and Reading Railroad Company, and together with all other railroads which might be thereafter constructed or acquired by purchase, merger, or in any manner whatever by the said railroad company, and together with all other leasehold estates in any other railroads which might thereafter be acquired by lease, assignment, or in any manner whatsoever by said railroad company, and together with all branches, extensions, sidings and turnouts of all the said railroads and each of them then belonging or which might thereafter be constructed or acquired by The Philadelphia and Reading Railroad Company; and all lands, rights of way, rails, bridges, walls, fences, workshops, machinery, stations, offices, depots, depot grounds, engine houses, buildings, improvements,

tenements and hereditaments then owned or which might thereafter be acquired by The Philadelphia and Reading Railroad Company; together with all locomotives, tenders, passenger cars, baggage cars, freight cars, coal cars and all other engines, cars, carriages and rolling stock, tools, implements and materials then belonging or which might thereafter belong to the said The Philadelphia and Reading Railroad Company; and all the steam colliers, vessels, canal boats and barges of The Philadelphia and Reading Railroad Company, including certain vessels therein specifically named; and all ships, vessels, barges and boats then or thereafter belonging to the Railroad Company, together with all and singular the tolls, rents, revenues, issues, profits and income of the Philadelphia and Reading Railroad Company derived from said railroads, canals and other property, and all the corporate and other rights, privileges, appurtenances and franchises of The Philadelphia and Reading Railroad Company, acquired or to be acquired, connected with or relating to the mortgaged premises; and together with all the streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatsoever unto any of the thereby granted and mentioned premises and estates belonging and appertaining, or to belong and appertain, and the reversions and remainders, rents, issues, profits and income thereof; and all the estate, right, title, interest, profit, claim and demand of every nature and kind whatsoever of The Philadelphia and Reading Railroad Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

IV. That as further security for the payment of the principal and interest of the bonds secured by the said mortgage, The Philadelphia and Reading Railroad Company did thereby assign and pledge as collateral security to the complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, and its successors, one hundred and sixty thousand shares

of the capital stock of The Philadelphia and Reading Coal and Iron Company of the par value of fifty dollars each.

V. That as further security for the payment of the principal and interest of the bonds secured by said mortgage it was therein recited that the holders of said bonds were entitled to the security arising from the deposit by the Reconstruction Trustees of The Philadelphia and Reading Railroad Company under the terms of an agreement of even date with said mortgage, which was annexed to said mortgage, of the following bonds, viz.:—

General mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of the said railroad company dated July 1st, 1874, to the Fidelity Insurance, Trust and Safe Deposit Company, trustee, $24,457,000;

Income mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said railroad company dated December 1st, 1876, to Edwin M. Lewis, trustee, $8,493,810;

First series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by mortgage of said railroad company dated August 26th, 1882, to The Pennsylvania Company for Insurance on Lives and Granting Annuities, of the city of Philadelphia, trustee, $184,606;

Second series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by said mortgage, dated August 26th, 1882, $6,131,404.

VI. That on or about the third day of January, 1888, the defendant, The Philadelphia and Reading Coal and Iron Company, for the better securing of the payment of the principal and interest of the bonds secured by said General Mortgage, did, in pursuance of resolutions duly adopted by its stockholders and by its board of directors, join in said General Mortgage, and did thereby convey to the complainant, The Pennsylvania Company

for Insurances on Lives and Granting Annuities, as trustee, all the coal lands, coal leases, iron ore lands, furnace properties and other real estate in the said General Mortgage and in said bill more specifically described.

Together with all the other real estate of The Philadelphia and Reading Coal and Iron Company wherever the same might be situate, and all real estate which might be thereafter acquired by said The Philadelphia and Reading Coal and Iron Company; together with all railroads, and all branches, extensions, sidings and turnouts of any railroads then belonging to or which might thereafter be constructed or acquired by said The Philadelphia and Reading Coal and Iron Company; and all lands, coal leases, iron ore leases, mines, collieries, breakers, engines, workshops, machinery, offices, buildings, improvements, tenements and hereditaments then owned or which might thereafter be owned or acquired by The Philadelphia and Reading Coal and Iron Company; together with all the locomotives, tenders, coal cars, carriages and all other engines, cars, rolling stock, tools, implements, horses, mules, and materials then belonging or which might thereafter belong to The Philadelphia and Reading Coal and Iron Company; together with all and singular the tolls, rents, revenues, issues, profits and income of the said The Philadelphia and Reading Coal and Iron Company and derived from said mortgaged property; and all the corporate and other rights, privileges, appurtenances and franchises of the said The Philadelphia and Reading Coal and Iron Company, acquired or to be acquired, connected with or relating to the said lands, coal or iron mines, or other premises, or any of them; together with all the streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatever unto any of the thereby granted and mentioned premises and estates belonging and appertaining, or to belong and appertain, and the reversions, remainders, rents, issues, profits and income thereof;

and all the estate, right, title, interest, profit, claim and demand of whatsoever kind or nature of the said The Philadelphia and Reading Coal and Iron Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

VII. That by said mortgage the said The Philadelphia and Reading Coal and Iron Company, as further collateral security for the bonds secured by said General Mortgage, subject to a prior pledge thereof by it to The Philadelphia and Reading Railroad Company under a mortgage dated July 1st, 1874, did assign to the complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, the following shares of capital stock of corporations, viz:—

1. Fifty-six thousand six hundred and eighty-three shares of the capital stock of the Preston Coal and Improvement Company, of the par value of fifty dollars, amounting in the aggregate to	$2,834,150 00
2. Sixty-three thousand five hundred and thirty-seven shares of the capital stock of the Fulton Coal Company, of the par value of five dollars, amounting in the aggregate to	317,685 00
3. Fifty thousand five hundred and twenty-two shares of the capital stock of the Locust Gap Improvement Company, of the par value of ten dollars, amounting in the aggregate to	505,220 00
4. One hundred and eighteen thousand three hundred and fifty-four shares of the capital stock of the Tremont Coal Company, of the par value of twenty-five dollars, amounting in the aggregate to	2,958,850 00
5. Fifty-nine thousand seven hundred and twenty-seven shares of the capital stock of the Mammoth Vein Coal and Iron Company, of the par value of ten dollars, amounting in the aggregate to	597,270 00
6. Forty-seven hundred and sixteen shares of the capital stock of the Delaware Coal Company, of the par value of fifty dollars, amounting in the aggregate to	235,800 00

VIII. That since the execution of the said general mortgage The Philadelphia and Reading Railroad Company has under the power reserved in the said general mortgage, sold and conveyed certain properties specifically described in a list marked "Exhibit 25, H. C. L., Examiner, 12/9/95," contained in the Examiner's report in this cause.

IX. That since the execution of the said general mortgage said defendant The Philadelphia and Reading Railroad Company, through its officers or by its Receivers, has acquired real estate and has constructed or has acquired, by purchase, merger or in some other manner, other railroads; and has acquired leasehold estates in other railroads by lease, or by assignment, or otherwise; and has acquired various lands and interests in lands, rights of way, tenements and hereditaments, and also various rolling stock and equipment, and ships, vessels, barges, and boats, and interests therein and rights thereto, and has acquired various corporate and other rights, privileges, appurtenances and franchises.

That among the real estate and interests therein so acquired is that more specifically described in a paper marked "Exhibit 23, H. C. L., Examiner, 12/9/95," and included in the Examiner's report in this cause, and also, in the supplemental general mortgages appended to said Examiner's report, and also that more specifically described in the paper marked "Exhibit 24, H. C. L., 12/9/95," and included in the Examiner's report in this cause, and also all the property acquired for the corporate purposes of the said defendant The Philadelphia and Reading Railroad Company, and now held by or for it.

That each and every of said properties, rights and interests of every character, upon the acquisition thereof, in whatsoever manner acquired, by the said defendant The Philadelphia and Reading Railroad Company, or for its benefit or in trust for it, became, and now is, subject to the lien of said general mortgage.

That in the course of the operation by said defendant Railroad Company of the various railroads to it leased, constituting part of the mortgaged property, said Railroad Company made advances of large amounts, of which the right of repayment, so far as the same is repayable, is subject to the lien of said General Mortgage.

X. That since the execution of the said General Mortgage The Philadelphia and Reading Coal and Iron

Company has sold and conveyed certain surface rights, real estate and interests therein.

XI. That since the execution of the said General Mortgage the defendant, The Philadelphia and Reading Coal and Iron Company, has acquired certain real estate and has constructed or acquired certain railroads, branches and extensions, and has acquired certain lands, yards, depots and wharves, coal, iron ore and other leases, mines, collieries, colliery improvements, rolling stock and other equipment and material, buildings, improvements, tenements and hereditaments.

That among the properties so acquired are those more specifically described in a paper marked "Exhibit No. 26, December 9, 1895, H. C. L.," included in the Examiner's report in this cause; and also in the supplementary general mortgages appended to the said Examiner's report; and also in a list marked "Exhibit No. 28, December 9, 1895, H. C. L.," included in the Examiner's report.

That each and every of said properties, rights and interests of every character, upon the acquisition thereof, in whatsoever manner acquired by the said defendant, The Philadelphia and Reading Coal and Iron Company, through its officers or by its Receivers, or for its benefit or in trust for it, became and, except as heretofore sold and conveyed under the powers reserved in the General Mortgage, is now subject to the lien of said General Mortgage.

XII. That on the third day of January, 1888, there was conveyed to the complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, by certain reconstruction trustees, as set forth in the bill filed, as security, *inter alia*, for the payment of the principal and interest of the bonds secured by the said General Mortgage, the following property, viz.:—

1. One million four hundred and ninety-three thousand two hundred and forty-nine dollars and seventy-three cents of the mortgage loans of the Schuylkill Navigation Company, commonly known as the loans of 1872–1897..... $1,493,249 73

2. Three million eight hundred and forty-nine thousand eight hundred and twenty-eight dollars and sixty-seven cents of the mortgage loans of the Schuylkill Navigation Company, commonly known as the loans of 1882–1907	$3,849,828 67
3. One million and sixty-two thousand dollars of the loan of the Schuylkill Navigation Company, commonly known as the loan of 1895	1,062,000 00
4. Two hundred and fourteen thousand five hundred dollars of the loan of the Schuylkill Navigation Company, commonly known as the Improvemnt Loan	214,500 00
5. Six hundred and sixty-nine thousand five hundred and fifty dollars of the boat and car loan of the Schuylkill Navigation Company due in 1913	669,550 00
6. Five hundred and seventy-nine thousand three hundred and fifty dollars of the boat and car loan of the Schuylkill Navigation Company due in 1915	579,350 00
7. Sixty-four thousand five hundred and eighty shares of the preferred stock of the Schuylkill Navigation Company, of the par value of fifty dollars, amounting in the aggregate to	3,229,000 00
8. Twelve thousand five hundred and fifty-four shares of the common stock of the Schuylkill Navigation Company of the par value of fifty dollars, amounting in the aggregate to	627,700 00

all of which property became and is subject to the lien of said General Mortgage.

XIII. That the said defendant, the said Philadelphia and Reading Railroad Company, duly made, executed and delivered bonds secured by the said General Mortgage, to the amount of forty-six million four hundred and fifty-six thousand dollars, and fractional scrip exchangeable for said bonds amounting to nineteen thousand one hundred and eighty-eight dollars and seventy-seven cents, making in all forty-six million four hundred and seventy-five thousand one hundred and eighty-eight dollars and seventy-seven cents, said bonds being denominated "General Mortgage Bonds," each being dated the third day of January, 1888, and each being payable on the first day of January, 1958, in gold coin of the United States of America of the standard weight and fineness of such coin at the date of said bond, with interest at the rate of four per cent. per annum payable half-yearly on the first days of July and January in each year in like gold coin on the delivery of the proper coupon

therefor, without deduction for taxes; that all of said bonds were duly issued by the said defendant, The Philadelphia and Reading Railroad Company, and authenticated by a certificate thereon signed by the complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, of the city of Philadelphia, as trustee, in accordance with the provisions of said bond and of said General Mortgage, and all of said bonds and said fractional scrip became when issued valid obligations of said defendant, The Philadelphia and Reading Railroad Company, and have been negotiated and delivered for value to a large number of persons who are now the lawful holders and owners thereof for value.

XIV. That on February 20th, 1893, this Court, upon a bill filed by Thomas C. Platt, a citizen and resident of the State of New York, against the defendants in this cause, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, and against the complainant in this cause, The Pennsylvania Company for Insurances on Lives and Granting Annuities, appointed Receivers of all the real and personal property of the said The Philadelphia and Reading Railroad Company and of the said The Philadelphia and Reading Coal and Iron Company, and said Receivers, or their successors in the trust subsequently appointed, have been ever since, and now are, in possession of all the property of the said The Philadelphia and Reading Railroad Company and of the said The Philadelphia and Reading Coal and Iron Company.

XV. That said defendant, The Philadelphia and Reading Railroad Company, made default in the payment of the coupons and interest upon the said General Mortgage bonds and of the interest on said fractional scrip which fell due on the first day of July, 1893, on the first day of January, 1894, on the first day of July, 1894, on the first day of January, 1895, on the first day of July, 1895, and on the first day of January, 1896, respectively,

and the said Receivers have been unable out of any assets in their possession to make payment of said coupons or interest.

XVI. That on or about the first day of July, 1893, demand in writing was made upon said The Philadelphia and Reading Railroad Company on behalf of James Bell, holder of four hundred and eighteen coupons of said General Mortgage bonds, of which he was then possessed, for the payment of the interest which fell due on the first day of July, 1893, on said bonds, and the said The Philadelphia and Reading Railroad Company neglected and refused for a period exceeding three months after such demand, to pay the interest aforesaid; and thereafter, in accordance with the terms of said General Mortgage, a request was made in writing to The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, by the holders of more than one-tenth in amount of the bonds secured by said General Mortgage then outstanding upon which default in the payment of interest had been made, that the said trustee take possession of the mortgaged property and operate and sell the same in accordance with the terms of the said General Mortgage.

XVII. That thereupon the said The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, became and is entitled to enforce all the rights, remedies, lien and security afforded by said General Mortgage.

XVIII. That the amounts of coupons and interest due on said General Mortgage bonds and fractional scrip are as follows:—

Coupons and interest due January 1st, 1894	$923,503 78
Interest from January 1st, 1894, to date of this decree	129,290 54
Coupons and interest due July 1st, 1894	923,503 77
Interest from July 1st, 1894, to date of this decree	101,585 42
Coupons and interest due January 1st, 1895	923,503 78

Interest from January 1st, 1895, to date of this decree.....	$ 73,880 30
Coupons and interest due July 1st, 1895	923,503 77
Interest from July 1st, 1895, to date of this decree.....	46,175 18
Coupons and interest due January 1st, 1896.....	923,503 78
Interest from January 1st, 1896, to date of this decree.....	18,470 08
Total.....	$4,986,920 40

XIX. That said General Mortgage is a valid and subsisting lien on all the railroads, franchises, real estate, rolling stock and equipment and other personal property and choses in action therein described or by this decree adjudged to have become subject to the lien thereof, with the exception of the property sold since the date of said mortgage under the powers therein reserved.

XX. That under and in pursuance of orders of this Court there were duly issued and are now outstanding and unpaid certain Receivers' certificates of indebtedness amounting in the aggregate, on the fourteenth day of December, 1895, to the sum of three million, seven hundred and six thousand, four hundred and seven dollars and twenty-nine cents of principal, and bearing interest at the rate of six per cent. per annum, the holders of which Receivers' certificates are entitled to a lien upon the railways, property and franchises of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company prior and superior to the lien of said General Mortgage to the extent that the assets or proceeds of assets in the Receivers' hands may be insufficient to discharge the same. That in addition to said Receivers' certificates there exists a large amount of indebtedness and obligations incurred, and other liabilities and obligations will be hereafter incurred, by the said Receivers in the operation and care of the railroad and property of the said The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, the holders of which indebtedness and obligations are also entitled and will be entitled to the payment thereof (or so much thereof as the said Receivers shall not be able to pay out of the assets or out of the

proceeds of assets in their hands) out of the proceeds of a sale of said railroads, property and franchises in priority to the holders of the bonds secured by said General Mortgage, and that such indebtedness and obligations on the fourteenth day of December, 1895, amounted approximately to one million, six hundred and four thousand, nine hundred and forty-one dollars and sixty-one cents, and that the holders of the bonds secured by said General Mortgage are entitled, and it is necessary for their protection to have the railroads, property and franchises of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company sold without delay.

XXI. That out of the tolls, rents, revenues, issues, profits and income of the said Railroad Company, derived from its railroads, canals and other properties, and also out of the tolls, rents, revenues, issues, profits and income of the said The Philadelphia and Reading Coal and Iron Company, derived from its mortgaged property, the said Receivers necessarily have made, and will continue to make, large disbursements in discharge of the indebtedness and the obligations of the Railroad Company and of the Coal Company, and in the purchase or acquisition of new equipment, to which or to part of which the title is represented by car-trust obligations, or in the course and conduct of the business of the mining of coal, of which large amounts are now held, and will be received, by the said Receivers, subject to contracts of sale, pledge or other disposition thereof in the regular conduct of the business; and that all of the properties, coal and choses in action so acquired by the said Receivers, and any profits or income derived, or to be derived, by said Receivers from the operation of said railroad and coal properties, are and will be subject to the lien of said General Mortgage.

Now, in consideration thereof, it is—

Ordered, adjudged and decreed that the defendant, The Philadelphia and Reading Railroad Company, pay,

or cause to be paid, within twenty days after the entry of this decree, to The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee in the aforesaid General Mortgage, or into the registry of this court, for the use and benefit of the holders of said bonds and fractional scrip issued under said General Mortgage and the coupons for interest thereon, the sum of $4,986,920.\frac{40}{100}$, with interest thereon from the date of this decree to the date of payment.

In case the said amount shall be paid as herein decreed, then any of the parties hereto may apply to this Court for such further relief and for such further directions as may be just and equitable.

It is further ordered, adjudged and decreed that in default of such payment by the defendant, The Philadelphia and Reading Railroad Company, or by any one claiming under it, or by any one for its account, or of payment by The Philadelphia and Reading Coal and Iron Company, or by any one claiming under it or by any one for its account, within the time directed as aforesaid, the properties, premises and franchises of every description, described in said General Mortgage, or by this decree adjudged to have become subject thereto, except the property sold since the date of said mortgage under the powers therein reserved, shall be sold as hereinafter directed, and all the right, title, estate, interest and equity of redemption of the defendant, The Philadelphia and Reading Railroad Company, and of the defendant, The Philadelphia and Reading Coal and Iron Company, and of all persons claiming or to claim under them, or either of them, and of the said complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under said General Mortgage, of, in or to said mortgaged property and franchises and every part and parcel thereof, shall be forever barred and foreclosed; and upon such sale of the mortgaged premises, the whole principal sum of each and all of the then outstanding General Mortgage bonds intended to be by said mortgage secured, shall be deemed and taken to be forthwith due and payable.

Such sale may and shall be made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under the said General Mortgage; and said trustee, on an order confirming such sale, and upon payment or settlement of the purchase price bid as herein provided, shall grant and convey the property sold to the purchaser or purchasers freed from all and every the trusts by the General Mortgage created, and without liability on the part of such purchaser or purchasers to see to the application of the purchase money, and shall execute and deliver a proper deed or deeds of conveyance thereof.

The entire mortgaged and pledged property of every description of said The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire mortgaged and pledged property of every description of the said The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire property pledged to the complainant by the Reconstruction Trustees, as set forth in the bill of complaint in this cause, shall be sold severally and respectively in each case as a whole; subject, however, to the right of a majority in interest of the holders of the General Mortgage bonds outstanding by requisition in writing to be delivered to the Trustee at any time before the sale to be made hereunder, to direct the Trustee to sell such properties in such parcels as they may deem best.

The sale shall be at public auction to the highest and best bidder or bidders, at the Old Station on Callowhill Street, between Thirteenth Street and Board Street, in the City of Philadelphia, in the State of Pennsylvania (that being upon the premises sold), on a day and at an hour to be fixed by the said Trustee. Three months' notice of such sale shall be given by publication, containing a brief general description of the property to be sold and referring to this decree, to be made once a week

in at least two daily newspapers of general circulation printed, regularly issued and published in the City of Philadelphia, in the State of Pennsylvania, and in the City of New York, in the State of New York, and in the City of London, in the Kingdom of Great Britain.

The Trustee may adjourn or postpone said sale, and may, without further notice, proceed with said sale on any day to which the same may thus have been adjourned, and may give such further notice of sale in addition to the notice above described as it may think proper.

The Trustee shall receive no bid in respect of the mortgaged property, or of any parcel thereof separately offered, from any one offering to bid who shall not first deposit, as pledge that he will make good his bid in case of its acceptance, the sum of $200,000 in money, or in certified check or checks on a national bank or banks in the City of Philadelphia or the City of New York, or $400,000 par value of the bonds secured by said General Mortgage with all unpaid coupons attached. The deposit so received from any unsuccessful bidder shall be returned to him when the property shall be struck down, and the deposit received from the successful bidder shall be held by the Trustee subject to the further order of this Court, to be applied on account of the purchase price of the property for which such bid was made.

On the acceptance of any bid the purchaser shall forthwith deposit with said Trustee the sum of $500,000 in money, or in certified check or checks on any national bank or banks, or trust company or trust companies, in the city of Philadelphia or the city of New York; or $1,000,000 par value of the bonds secured by said General Mortgage; but any cash or bonds which may have been previously deposited by the successful bidder as a pledge that he would make good his bid shall be received on account of the amount so required of him on the acceptance of his bid.

In case any bidder or purchaser shall fail to make good his bid upon its acceptance by the Trustee, or shall fail, after such acceptance, to comply with any order of the

court relating to the payment thereof, or the consummation of the purchase, then the sums in cash or bonds deposited by such purchaser or purchasers, as hereinbefore provided, shall be forfeited as a penalty for such failure, and shall be applied towards the payment of the expenses of a resale, and towards making good any deficiency or loss in case such property shall be sold at a price less than that bid at the prior sale.

If the court shall not confirm the sale for which a deposit has been made, such deposit shall be returned to the bidder.

The complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, and any holder or holders of bonds secured by said General Mortgage, or any party to this suit, may bid and purchase at such sale.

The fact of purchase and acceptance of the deed or deeds by the purchaser or purchasers shall not be construed as an election to accept any contract, agreement or term sold with the railroads and other property and franchises, which within ninety days after delivery of the deed he shall have elected not to assume.

Upon confirmation of any sale by the court, the purchaser shall make such further payment or payments in cash, on account of his bid, as from time to time the Court may direct. The purchaser of any parcel may satisfy and make good any part of his bid not required to be paid in cash by turning in to be canceled or credited as hereinafter provided any of the bonds and matured and unpaid interest secured by said General Mortgage and held by such purchaser, counting such bonds and interest for that purpose at the sum which shall be payable to the holder thereof out of the net proceeds of such sale of such parcel as his just share of such net proceeds after allowing for the proportion of the payment which may be required in cash; and, if such share of such net proceeds shall be less than the amount then due upon such bonds, such purchaser may make such settlement by receipting on such bonds the amount to be credited

thereon. The Court reserves the right to resell any parcel upon such notice as the Court shall direct in case the purchaser thereof shall omit to make any payments on account of any unpaid balance of the purchase price within thirty days after the entry of an order requiring such payment.

> "The purchaser or purchasers of the property of the Railroad Company subject to the General Mortgage, sold hereunder, shall as part consideration and in addition to the sum bid for such property, take the same and receive the deed or deeds therefor on the express condition that, to the extent that the assets or the proceeds of assets in the Receivers' hands shall be insufficient, he or they, or his or their successors or assigns, shall pay, satisfy and discharge any unpaid compensation which shall be allowed by the court to the Receivers, and any indebtedness, obligation or liabilities which shall have been contracted or incurred by the Receivers,before they shall have delivered possession of the property sold, whether or not represented by certificates; and also any indebtedness or liability contracted or incurred by said defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, or either of them, in the operation of the mortgaged property, prior to the appointment of the Receivers, which is prior in lien or superior in equity to said General Mortgage, and which shall not be paid or satisfied out of the income of the property in the hands of the Receivers, or out of the assets or out of the proceeds of the assets in their hands upon the court adjudging the same to be prior in lien or superior in equity to said mortgage and directing payment thereof."

All payments for any such purpose made by the purchaser in advance of the final accounting and discharge of the Receivers shall be treated as advances, and subject to final adjustment on such accounting.

In the event that said purchaser or purchasers, after demand made, shall refuse to pay any before-mentioned indebtedness or liability, the person holding the claim therefor, upon fifteen days' notice to said purchaser or purchasers, their successor or successors, assign or assigns, may file his petition in this court to have such claim enforced against the railroad property aforesaid in accordance with the usual practice of this court in relation to claims of a similar character; and such purchaser or purchasers, his or their successor or successors, assign or assigns, shall have a right to appear and make defense to any claim, debt or demand so sought to be enforced; and any party shall have the right to appeal from any judgment, decree or order made thereon. For the purpose of enforcing the foregoing provisions of this decree, jurisdiction of this cause is retained by this court, and the court reserves the right to retake and resell said railroad property in case the purchaser or purchasers, his or their successors or assigns, shall fail to comply with any order of the court for the payment of such prior indebtedness or liability within thirty days after the service of the copy of such order.

The Receivers within two weeks prior to the time of sale hereunder, and as soon as practicable, shall file with the clerk of this court:

(1) A statement showing, as definitely as practicable, all indebtedness, obligations and liabilities contracted or incurred by them then remaining unpaid;

(2) A statement showing, as definitely as practicable, all indebtedness or liabilities contracted or incurred by said defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, or either of them, in the operation of the mortgaged property prior to the appointment of the Receivers, and which, so far as they are informed, are claimed to be prior in lien or superior in equity to said General Mortgage;

(3) A statement showing as definitely as practicable the assets, which they are hereinafter directed to sell.

But each of such statements shall be advisory only, and nothing therein contained shall be binding upon the purchaser or purchasers at said sale, nor shall such statements constitute grounds for a release from any bid because of any representation therein or omission therefrom.

Any such claims for indebtedness or liabilities which shall not have been included in such statement of the Receivers, or which shall not have been presented in writing to the Receivers, or filed with the clerk of this court prior to the time of delivery of possession of such property, shall be presented for allowance and filed within six months after the first publication by the Receivers of a notice to the holders of such claims to present the same for allowance. The Receivers shall publish such notice at least once a week for a period of six weeks in one or more newspapers published in each of the cities of Philadelphia, Pa.; New York, N. Y., and Reading, Pa., on the request of any purchaser or purchasers of the railroad property, after delivery of possession of such property to such purchaser, and any such claim which shall not be so presented or filed within the period of six months after the first publication of such notice shall not be enforcible against said Receivers, nor against any property sold, nor against any purchaser or purchasers, his or their successors or assigns.

Any such purchaser or purchasers of the railroad property, and his or their successors and assigns, shall have the right to enter his or their appearance in this court, and he or they, or any of the parties to this suit, shall have the right to contest any claim, demand, or allowance existing at the time of the sale and then undetermined, and any claim or demand which thereafter may arise or be presented which would be payable by such purchaser or purchasers, his or their successors or assigns, or which would be chargeable against the parcel purchased in addition to the amount bid at the sale, and he or they may appeal from any decision relating to any such claim, demand or allowance.

The purchaser or purchasers of any parcel shall also take the same subject to the performance by him or them, or his or their successors and assigns, of all pending contracts theretofore lawfully made by the Receivers, in respect thereof.

It is further ordered, adjudged and decreed that the funds arising from the sale of said mortgaged premises shall be applied by said trustee as follows:—

I. To the payment of the costs of this cause and of all proper expenses attendant upon said sale or sales, including the payment of all charges, compensations, allowances and disbursements of the complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under said General Mortgage, and its solicitors and counsel, and of the Receivers, their solicitors and counsel; and also all such other proper allowance, compensation and disbursements to the parties or their counsel as the court shall order. All the payments to be made under this subdivision shall be hereafter fixed and allowed and taxed by this Court.

II. To the payment of said Receivers' certificates and liabilities issued or incurred under the order of this court, together with the interest accrued thereon to the date of payment, so far as the same shall be payable out of the proceeds of the mortgaged property.

III. The balance of the fund realized from said sale shall first be applied to the payment of the interest due and accrued upon said General Mortgage bonds and fractional certificates, with interest at the rate of six per cent. per annum from the respective dates at which said coupons and interest became due and payable, to the date of payment.

IV. The balance of the fund realized from said sale shall next be applied to the payment of the principal of

said General Mortgage bonds and fractional certificates, with interest thereon from the first day of January, 1896, at the rate of four per cent. per annum, to the date of payment.

V. In case the balance of the fund realized from said sale shall be insufficient to pay said coupons and interest, and the principal of said bonds and fractional certificates, then each of said bonds and fractional certificates presented for payment shall be stamped by the Trustee so as to show the amount which has been paid upon the principal of such bonds and fractional certificates; or, if presented by the purchaser or purchasers, the amount credited as paid thereon; and shall be returned to the holders thereof. Each detached coupon, when presented, shall be stamped or canceled in like manner.

VI. If, after making all of the above payments, there shall be a surplus, then the same shall be applied as the court thereafter may order and direct.

Whenever the Trustee shall be prepared out of the proceeds of sale to pay any money on account or in full of the General Mortgage bonds and fractional certificates, it shall give notice of the time when and place where it will be prepared to make such payment by publication at least once a week for two successive weeks in at least one newspaper in each of the following cities: Philadelphia, Pa.; New York, N. Y., and Reading, Pa.; and no holder of any bond or fractional certificate or coupon, of the payment of which notice shall have been so given, who shall have failed to present the same for payment, as required by such notice, shall be entitled to the payment of any interest thereon after that date out of the proceeds of the sale.

It is further ordered, adjudged and decreed that upon payment of the purchase price bid by the purchaser or purchasers of any such parcel, or upon making such provision as the court shall approve for the pay-

ment thereof, the said Trustee shall execute a deed or deeds conveying such property and franchises to such purchaser or purchasers, or his or their successors or assigns, and that on the execution and delivery of such deed or deeds the grantee shall be let into the possession of the premises conveyed, and the Receivers shall deliver such property over to the purchaser or purchasers, his or their successors or assigns, together with any property and income acquired or received by the Receivers since the commencement of this suit in the management or operation of the part of the mortgaged premises embraced in such conveyance, subject, nevertheless, to the condition that the court may retake and resell the property in case any such purchaser or purchasers, his or their successors or assigns respectively, shall fail to pay any of the balance of the purchase price remaining unpaid, or to comply with any order of the court with respect to the payment of the prior indebtedness, obligations and liabilities, as hereinbefore provided, within thirty days after the service of a copy of such order.

The purchaser or purchasers of any such parcel, and his and their successors and assigns respectively, after such delivery of such premises, shall hold, possess and enjoy the same, and all the rights, privileges, immunities and franchises appertaining hereto, as fully and completely as said defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, or either of them, now hold or enjoy the same, or held or enjoyed or were entitled to hold or enjoy the same at the time of the execution of said General Mortgage, or at any time since; and the purchaser or purchasers, and his or their successors and assigns respectively, shall thereupon be entitled to have and hold the premises so conveyed free and discharged from the lien and incumbrance of said General Mortgage dated January 3d, 1888, and the various supplements thereto dated resepctively April 10th, 1888, January 2d, 1889, January 2d, 1890, and January 2d, 1892; and from the claims of all other parties to this

suit and those claiming under them, save only as herein expressly reserved, but subject to such claims and allowances as hereafter shall be adjudged to be prior in lien or superior in equity to said mortgage, and which, as hereinbefore provided, may be required to be paid in addition to the purchase price bid.

It is further ordered, adjudged and decreed that the defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, shall, at the time of the execution of any such deed or deeds by said Trustee, as a further assurance to the grantee therein and to his successors and assigns, execute their deed or deeds or join with said Trustee in the execution of the deed or deeds to be made by it, and shall thereby convey and release to the purchaser or purchasers all of their right, title and interest in such property and franchises conveyed to such grantee and to his successors and assigns by said Trustee, and the right of each of them; and further, that at the time of the delivery of any such deed or deeds by the Trustee, the Receivers shall make, execute and deliver to such purchaser or purchasers a good and sufficient deed or deeds of conveyance, bills of sale or other proper assurances in writing of any and all property of the defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, vested in or standing in the name of the said Receivers, or to which said Receivers in any manner have acquired title, or of which they shall be possessed.

The said Trustee is hereby required promptly to make a full report of its proceedings under the order of sale herein and such supplemental reports, from time to time, as may be necessary or desirable to show fully its action in the premises.

It is further ordered, adjudged and decreed that for the purpose of meeting and discharging the proper expenses of the sale or sales to be made hereunder, the costs of the

cause in which said Receivers were appointed and of this cause, including the compensation of the Receivers, their solicitors and counsel, and such proper allowance, compensation and disbursements to any of the parties, or their counsel, as the Court shall order, and the payment of the Receivers' certificates and liabilities issued or incurred under the orders of this Court, either in this suit on in the suit in which said Receivers were appointed, and of all other obligations and expenses properly incurred or payable by said Receivers with interest thereon, all of which are primarily payable out of the assets or proceeds of assets in the hands of the Receivers in this cause, to the extent that such assets or proceeds of assets shall be sufficient to meet and discharge the same, the Receivers sell on the day and at the place appointed by the Trustee for the sale of the mortgaged premises, and immediately prior to such sale, all the assets of every nature and description in their hands not hereinbefore adjudged to be subject to the lien of the general mortgage; that such sale shall be made for cash at public auction to the highest and best bidder or bidders, in such parcels as the Receivers acting under the direction of the Special Master may deem expedient, the Receivers being hereby authorized to offer such property either as an entirety or in separate parcels, or alternately, as to them shall seem most likely to secure the highest and best price therefor; that the Receivers give brief notice of such sale by reference to the foregoing provision, and stating that more specific statement of such assets will, as hereinbefore required, be filed before such sale, which notice shall be by publication for a period of six weeks in the same manner as is hereinbefore directed in respect of the sale to be made by the trustee of the mortgaged property; that the Receivers receive no bid from any one offering to bid who shall not first deposit, as a pledge that he will make good his bid or bids in case of acceptance, the sum of $100,000, in money, or in certified check or checks on a national bank or banks, or trust company or trust companies, in the City of Philadelphia or the

City of New York; that on payment of the purchase price the Receivers deliver to the purchaser or purchasers the assets so sold, free from further claim or liabilitiy of any character in respect of such purchase; and that otherwise said sale shall be in all respects upon terms similar to those hereinbefore prescribed in respect of the sale to be made by the Trustee of the mortgaged premises.

It is further ordered, adjudged and decreed that the proceeds of such assets shall be applied by said Receivers as follows:—

I. To the payment of all proper expenses attendant upon said sale or sales, and of the costs of the cause in which said Receivers were appointed, and of this cause as above provided. All the payments to be made under this subdivision shall be hereafter fixed and allowed and taxed by this Court.

II. To the payment of said Receivers' certificates and liabilities heretofore issued or incurred under the order of this Court, and of all other obligations and expenses incurred or payable by said Receivers, together with the interest accrued thereon to the date of payment, so far as such proceeds shall be sufficient for such purposes.

It is further ordered adjudged and decreed that all claims and equities of the Philadelphia, Reading & New England Railroad Company, and the holders of its bonds and shares, be and the same are hereby reserved for further consideration.

It is further ordered, adjudged and decreed that until the confirmation of the sale of the mortgaged property under this decree, the Receivers continue in possession thereof, and to discharge the duties imposed upon them by the order of their appointment, with the rights and powers thereby conferred.

It is further ordered, adjudged and decreed that all questions not hereby disposed of, including the discharge of the Receivers and the settlement of their accounts, are hereby reserved for future adjudication; that any party to this cause, and also any intervening petitioner who has heretofore duly filed his petition herein, and any holder of any indebtedness, obligation or liability contracted or incurred by the Receivers or by the defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, or either of them, may at any time apply to this court at the foot of this decree for futher relief, as well as for such modifications thereof in respect to the terms or conditions of said sale, or to the distribution of the proceeds thereof, or in respect to any other matter which may affect the rights of any such parties or persons, as may be just and proper, and jurisdiction in this cause is retained by this court for that purpose, and for the purpose of enforcing all the provisions of this decree.

(Signed) M. W. ACHESON,
Circuit Judge.

RECEIVERS' REPORT OF SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,	
vs.	In Equity.
The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.	April Sessions, 1895. No. 9.

TO THE HONORABLE THE JUDGES OF SAID COURT IN EQUITY SITTING:

On the first day of May, 1896, a decree of foreclosure and sale was entered in the above-entitled cause, wherein and whereby, among other things, it was ordered, adjudged and decreed that on the day and at the place appointed by the above-named complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee named in the mortgage or deed of trust dated January 3d, 1888, known as the General Mortgage, in said decree described, for the sale of the mortgaged premises, and immediately prior to such sale by said trustee, the Receivers of the property of the above-named defendants, The Philadelphia and Reading Railroad Company, and The Philadelphia and Reading Coal and Iron Company, should sell all the assets of every nature or description in the hands of said Receivers and not by said decree adjudged to be subject to the lien of said General Mortgage.

Pursuant to the said decree we, the said Receivers in said decree mentioned, do report as follows:—

First.—The above-named complainant, the trustee named in said General Mortgage, having given notice that in pursuance of said decree and in the exercise of the powers and duties conferred and imposed by said General Mortgage it would sell said mortgaged property at the old station on Callowhill Street, between Thirteenth Street and Broad Street, in the city of Philadelphia, in the said State of Pennsylvania (that being upon the premises sold), upon Wednesday, the twenty-third day of September, 1896, at twelve o'clock noon of that day, upon the terms stated in said decree and in said notice of sale by said trustees, whereupon we, the undersigned, the said Receivers in said decree mentioned, gave notice that at the said place appointed by the said trustee for the sale of the mortgaged premises, and on the day so appointed for such sale, and immediately prior thereto, to wit, at ten o'clock in the forenoon of Wednesday, September 23d, 1896, we would sell all the assets of every nature or description in our hands as such Receivers and not by said decree adjudged to be subject to the lien of said General Mortgage; such notice of sale referring to the provisions of said decree and to a statement filed August 1st, 1896, in the office of the clerk of this court, showing as definitely as practicable the assets to be embraced in the sale of which such notice was given; which notice was given by publication for a period of six weeks, in the same manner as in said decree directed in respect of the sale to be made by the trustee of the mortgaged property, and being published upon August 14th, 21st and 28th and September 4th, 11th and 18th in the Philadelphia *Legal Intelligencer*, and also upon August 11th, 12th, 19th, 26th and September 2d, 9th, 16th and 23d in each of the following papers, to wit:—

The *Press*, the *Times*, the *Record*, the *Ledger*, the *North American*, the *Telegraph*, the *Bulletin* and the *Inquirer*, each being a daily newspaper, printed, published, regularly issued and having a general circulation in the city of Philadelphia, in the State of Pennsylvania.

The *Times* and the *Sun*, each being a daily newspaper, printed, published, regularly issued and having a general circulation in the city of New York, in the State of New York.

The *Times* and the *News*, each being a daily newspaper, printed, published, regularly issued and having a general circulation in the city of London, in the Kingdom of Great Britain.

A printed copy of the said notice, as published in each and every of the said newspapers above mentioned, marked "Schedule A," is hereto affixed and made a part hereof.

Upon the eighteenth day of September, 1896, and within two weeks prior to the time of the said sale, we filed with the clerk of this court an amended and supplemental statement, showing as definitely as practicable all additions to and changes in the assets to be embraced in the sale, of which a statement already had been filed in the office of said clerk, as above stated; and reference to the said notice and supplemental notice as being part of this report is hereby made, with the same force and effect as though the same were herein set forth at length.

Second.—At the time and place specified in said notice of sale, to wit, upon Wednesday, the twenty-third day of September, 1896, at ten o'clock in the forenoon, immediately prior to the sale of the said mortgaged premises by said decree directed to be sold, we attended at the old station on Callowhill Street, between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania, together with George L. Crawford, Esq., the Special Master in this cause, and then and there, pursuant to said decree and under the direction of the said Special Master, and, as next hereinafter set forth, we did sell for cash, at public auction, to the highest and best bidder or bidders therefor, in the several parcels deemed most expedient by us, acting under the direction of the said Special Master, and as designated in said statements and supplemental statements, such

method of sale being such as to us seemed most likely to secure the highest and best price for the property sold.

1. At the said time and place, pursuant to said decree, and under the direction of said Special Master, we first offered for sale, as a separate parcel, the right, title and interest of the Philadelphia and Reading Railroad Company in the following scurities, to wit, the same being designated in said statement as parcel 1:—

PARCEL 1.

The right, title and interest of The Philadelphia and Reading Railroad Company and of the Receivers thereof in the following securities, to wit:—

STOCKS.	SHARES.	PAR VALUE.
Allentown Railroad Company	21,479	$1,073,950
Atlantic City Railroad Company, preferred	19,0[illegible]	952,300
Atlantic City Railroad Company, common	23,972	1,198,600
Camden County Railroad Company	1,039	51,950
Catasauqua and Fogelsville Railroad Company	10,135	253,375
Catawissa Railroad Company, first preferred	228	11,400
Catawissa Railroad Company, second preferred	310	15,500
Central Dock and Terminal Railroad Company	1,816	181,600
Chester and Delaware River Railroad Company	750	37,500
Colebrookdale Railroad Company	5,601	280,050
Delaware River Ferry Company of New Jersey	4,992	499,200
East Mahanoy Railroad Company	5,646	282,300
East Pennsylvania Railroad Company	17,555	877,750
Gettysburg and Harrisburg Railway Company	10,807	540,350
Junction Railroad Company	1,718	85,900
Locust Gap Improvement Company	2,000	20,000
Middletown and Hummelstown Railroad Company	3,473	173,650
Mine Hill and Schuylkill Haven Railroad Company	1,620	81,000
Mill Creek and Mine Hill Navigation and Railroad Company	1,919	47,975
Mount Carbon and Port Carbon Railroad Company	768	38,400
Norristown Junction Railroad Company	400	20,000
Northeast Pennsylvania Railroad Company	6,252	312,600
North Pennsylvania Railroad Company	2,576	128,800
Philadelphia, Reading and Pottsville Telegraph Company	369	18,450
Philadelphia and Chester Valley Railroad Company, preferred	4,102	205,100
Philadelphia and Chester Valley Railroad Company, common	9,054	452,700
Philadelphia, Harrisburg and Pittsburgh Railroad Company	39,646	1,982,300
Pickering Valley Railroad Company	1,220	61,000
Reading and Columbia Railroad Company	15,726	786,300
Reading Iron Company	9,980	998,000
Rupert and Bloomsburg Railroad Company	960	48,000
Schuylkill and Lehigh Railroad Company	945	47,250

Stocks.	Shares.	Par Value.
Schuylkill Valley Navigation and Railroad Company	1,238	$61,900
Shamokin, Sunbury and Lewisburg Railroad Company	39,917	1,995,850
Bonds.		
Locust Dale Coal Company		156,000
People's Railway Company		36,000
Perkiomen Railroad Company		161,100
Philadelphia, Reading and Pottsville Telegraph Company		200,000
Philadelphia and Chester Valley Railroad Company, preferred		25,000
Philadelphia and Chester Valley Railroad Company, not preferred		47,000
Reading and Columbia Railroad Company firsts		9,500
Reading and Columbia Railroad Company seconds		35,000
Reading and Columbia Railroad Company debentures		1,000,000
Schuylkill and Lehigh Railroad Company firsts		93,900
Total		$15,584,500

The above shares and bonds being pledged as collateral security under the terms of an agreement dated January 2d, 1892, for the payment of an issue of $10,000,000 collateral trust bonds, of which there are now outstanding $350,000 of bonds held as security for an indebtedness of upwards of $500,000; $500,000 deposited with Pennsylvania Company for Insurances on Lives and Granting Annuities as indemnity against the pledge of $500,000 Catawissa Railroad Company bonds with the city of Philadelphia for the Pennsylvania Avenue subway; $405,000 pledged with the Pullman Palace Car Company as additional collateral for certain equipment notes, and $5,893,000 held as security for the payment of notes of the company amounting to $3,520,968.75; $400,000 pledged as indemnity to sureties and guarantors, and $2,452,000 in the possession of the Receivers.

Of these bonds $7,176,000 came into the possession of the Receivers in the course of the administration of their trust.

The sale will include the right, title and interest of the Receivers in and to all the $10,000,000 said collateral trust bonds, as well as in and to the shares and bonds pledged to secure the payment thereof.

An agreement has been made with certain of the holders of the bonds of the Philadelphia and Chester Valley Rail-

road Company whereby the interest upon the bonds of that company, preferred and not preferred respectively, is to be reduced to four per cent. and three per cent. per annum respectively.

The highest and best bid for said property, when so offered by us as the single parcel 1, was made by Charles H. Coster and Francis Lynde Stetson, who offered and bid for such property, as such separate parcel, the sum of $3,000,000, such bidders, as required by the said decree, having first deposited with us as Receivers, as a pledge that they would make good their bid or bids in case of acceptance, the sum of $100,000 in certified check upon a national bank in the city of New York.

2. There and thereupon we next offered for sale the following shares of stock and bonds, owned by The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, the same being designated in said statement as parcel 2:—

PARCEL 2.

The following shares of stocks and bonds owned by The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company:—

(Italics indicate owned by Coal and Iron Company; all others are owned by Railroad Company.)

STOCKS.	SHARES.	PAR VALUE.
Allentown Railroad Company	49	$2,450
Atlantic City Railroad Company, preferred	9	450
Atlantic City Railroad Company, common	28	1,400
Anthracite Water Company	950	95,000
Crystal Water Company	250	12,500
City Armory Association of Pottsville	75	750
Camden County Railroad Company	4	200
Catasauqua and Fogelsville Railroad Company	30	750
Central Dock and Terminal Railroad Company	38	3,800
Chester and Delaware River Railroad Company	50	2,500
Colebrookdale Railroad Company	29	1,450
Conshohocken Gas and Water Company	200	5,000
Conshohocken Gas and Water Company, preferred	20	500
Central Transfer Company Stock—Lyons	251	12,550
Danville and Shamokin Railroad Company	5,000	250,600
Delaware Coal Company	517	25,850
Delaware River Ferry Company of New Jersey	8	800
Douglassville and Yellow House Turnpike Company	50	5,000
East Mahanoy Railroad Company	27	1,350

Stocks.	Shares.	Par Value.
East Pennsylvania Railroad Company	22	$1,100
Good Springs Water Company	10	250
Germantown Transfer Company	40	200
Gettysburg and Harrisburg Railway Company	7	350
Lehigh Coal and Navigation Company	20	1,000
Harrisburg and Millerstown Railroad Company	417	10,425
Junction Railroad Company	5	250
Mammoth Vein Coal and Iron Company	700	7,000
Manufacturers' and Consumers' Railroad Company	10	50
Middletown and Hummelstown Railroad Company	27	1,350
Mill Creek and Mine Hill Navigation and Railroad Company	8	200
Mount Carbon and Port Carbon Railroad Company	8	400
Oliver Iron and Steel Company, preferred	312	15,600
Mansion House Hotel Company, Mauch Chunk	100	5,000
Manayunk and Roxboro Inclined Plane and Railway Company	100	2,500
Mentour Iron and Steel Company	2,640	132,000
National Company	1,000	50,000
Northeast Pennsylvania Railroad Company	128	6,400
Permanent Exhibition Company	....	114,000
Pottsville Mining and Manufacturing Company	400	20,000
Philadelphia and Frankford Railroad Company	10,000	500,000
Philadelphia and North Branch Railroad Company	20,000	20,000
Philadelphia and Reading Terminal Railroad Company	170,000	8,500,000
Philadelphia and Southern Mail Steamship Company	40	5,000
Proprietors of Susquehanna Canal	76	Est. 25,000
Parkiomen Railroad Company	3	150
People's Railway Company of Pottsville, Pa	2,703	54,060
Pennsylvania Steel Company	49	4,900
Philadelphia Bourse	30	1,250
Philadelphia and Erie Railroad Company	5	250
Philadelphia Floating Elevator Company	....	2,400
Philadelphia, Newtown and New York Railroad Company	500	25,000
Philadelphia, Newtown and New York, preferred	7,500	375,000
Philadelphia Belt Line, preferred	1,560	78,000
Philadelphia, Reading and New England Railroad Company	39,103	3,910,300
Philadelphia, Reading and New England, preferred	3	300
Philadelphia, Reading and Pottsville Telegraph Company	21	1,050
Philadelphia and Chester Valley Railroad Company, common	35	1,750
Philadelphia, Harrisburg and Pittsburgh Railroad Company	354	17,700
Pickering Valley Railroad Company	15	750
Port Reading Railroad Company	15,650	1,565,000
Port Reading Construction Company	40	2,000
Reading and Columbia Railroad Company	38	1,900
Reading Iron Company	20	2,000
Rupert and Bloomsburg Railroad Company	40	2,000
Schuylkill and Lehigh Railroad Company	55	2,750
Schuylkill Valley Navigation and Railroad Company	8	400
Schuylkill Navigation Company, preferred	3	150
Schuylkill River West Side Railroad Company	300	1,500
Schuylkill Electric Railway Company	804	40,200

Stocks.	Shares.	Par Value.
Shamokin, Sunbury and Lewisburg Railroad Company	83	$4,150
Silver Creek Water Company	1,000	50,000
Slatington Railroad Company	4,000	20,000
Stout's Ferry Bridge Company	70	1,750
Swedes Ford Bridge Company	360	9,000
Tamaqua, Hazleton and Northern Railroad Company	6,000	300,000
Wellman Iron and Steel Company, preferred	44	4,400
Wellman Iron and Steel Company, common	29	2,900
Wilmington and Reading Railroad Company	100	5,000
Windmill Island Ferry Company	390	39,000
Total stocks		$16,367,335

The above stocks being subject to the following-named pledges:—

One hundred and sixty-nine thousand nine hundred and fifty shares of the capital stock of the Philadelphia and Reading Terminal Railroad Company are pledged to secure the payment of the principal and interest of $8,500,000 bonds of The Philadelphia and Reading Railroad Company dated May 1st, 1891, known as the "Terminal" bonds.

Ten thousand shares of the capital stock of the Philadelphia and Frankford Railroad Company are pledged as collateral security for certain certificates of interest issued by the Guarantee Trust and Safe Deposit Company, under the agreement dated January 29th, 1894, between The Philadelphia and Reading Railroad Company *et al.* and George H. Earle, Jr., *et al.*, committee of bondholders, &c., of the Philadelphia and Frankford Railroad Company.

Bonds.	Par Value
Big Pond tract, Philadelphia and Reading Coal and Iron Company	$1,000
Bechtelsville Iron Company	58,000
Chandler tract, Philadelphia and Reading Coal and Iron Company	500
Coal Hill tract, Philadelphia and Reading Coal and Iron Company	44,000
Catharine Groh tract, Richardson, executor, Philadelphia and Reading Coal and Iron Company	18,000
Colebrookdale Railroad Company, first mortgage	100
Consolidated mortgage, first series, five per cent. fractional scrip	230
Camden County Railroad Company, five per cent. gold mortgage bonds	1,000

Bonds.	Par Value.
Catawissa Railroad Company, improvement mortgage bonds	$500,000
Conshohocken Tube Company	600
Davis, John R., bond and mortgage	3,079
Ely and Richle tract, Philadelphia and Reading Coal and Iron Company	111,000
Gettysburg and Harrisburg Railway Company, car trusts	18,000
Hamburg Iron Company	12,500
Iron Car Equipment Company, second mortgage bonds	7,522
Lessig tract, Philadelphia and Reading Coal and Iron Company	1,000
Mammoth Vein Coal and Iron Company	209,000
Mansion House Hotel Company, Mauch Chunk	7,000
Montour Iron and Steel Company	265,000
Monocacy Furnace Company	75,000
Mortgages and ground rents	336,005
Norristown Junction Railroad Company	1,500
Pickering Valley Railroad Company	2,000
Pennsylvania Steel Company, consolidated six per cents	19,988
Philadelphia, Harrisburg and Pittsburgh Railroad Company	1,500,000
Philadelphia, Newtown and New York Railroad Company	807,100
Preston Coal and Improvement Company	1,087,000
Reading Traction Company	1,000
Schuylkill and Lehigh Railroad Company	400,000
Schuylkill Navigation Company, boat and car loan, 1863–1913	200
Schuylkill Navigation Company, loan, 1844–1897	400
Schuylkill Navigation Company, convertible mortgage loan, 1852–1907	194
Summit Land tract, Philadelphia and Reading Coal and Iron Company	10,000
Sunbury and Northumberland Street Railway Company	15,000
Susquehanna Canal Company, seven per cent. bonds	1,000
Tamaqua, Hazleton and Northern Railroad Company, first mortgage	300,000
Tamaqua tract, Philadelphia and Reading Coal and Iron Company	165,000
Tremont Coal Company	900,000
Walker tract, Philadelphia and Reading Coal and Iron Company	2,000
Wood tract, Philadelphia and Reading Coal and Iron Company	5,000
Wetherill tract (Lee lands) Philadelphia and Reading Coal and Iron Company	4,000
Total bonds	$6,889,918
Total stocks and bonds	$23,257,253

The above bonds being subject to the following-named pledges:—

Five hundred thousand dollars Catawissa Railroad Company improvement mortgage bonds and $111,000 Ely and Richle tract bonds of The Philadelphia and Reading Coal and Iron Company are held by the city of Philadelphia on account of the construction of the subway, in

accordance with the authority of the order of court dated June 15th, 1894.

One hundred thousand dollars Philadelphia, Harrisburg and Pittsburgh Railroad Company bonds are held as security for the barge loan of The Philadelphia and Reading Railroad Company, in accordance with the authority of the order of the court dated March 2d, 1894.

One hundred thousand dollars Philadelphia, Harrisburg and Pittsburgh Railroad Company bonds are held as security for the cold storage loan of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, in accordance with the authority of the order of the court dated November 9th, 1894.

Four hundred thousand dollars Schuylkill and Lehigh Railroad Company bonds are held for exchange for second mortgage bonds of that company, which can only be sold for improvement of road.

One million and eighty-seven thousand dollars Preston Coal and Improvement Company mortgage bonds, nine hundred thousand Tremont Coal Company mortgage bonds, two hundred and nine thousand Mammoth Vein Coal and Iron Company mortgage bonds, are deposited as collateral to secure the payment of the principal and interest of $2,000,000 bonds of The Philadelphia and Reading Railroad Company, dated February 1st, 1892, known as the "Ten-year Sinking Fund Five per cent. Gold Loan."

Of the above bonds the following are outstanding as collateral for the floating debt mentioned in parcel 1 of $3,520,968.75:—

Philadelphia, Harrisburg and Pittsburgh Railroad Company bonds	$1,000,000
Philadelphia, Newtown and New York Railroad Company bonds	133,000
Tamaqua, Hazleton and Northern Railroad Company bonds	67,000
Montour Iron and Steel Company bonds	45,000
Philadelphia and Reading Coal and Iron Company, Tamaqua tract bonds	141,000
Philadelphia and Reading Coal and Iron Company, Coal Hill tract bonds	44,000
Total	$1,430,000

The highest and best bid for said property, when so offered by us as the single parcel 2, was made by Charles H. Coster and Francis Lynde Stetson, who offered and bid for such property as such separate parcel the sum of $1,000,000, such bidders, as required by the said decree, having first deposited with us as Receivers, as a pledge that they would make good their bid or bids in case of acceptance, the sum of $100,000 in certified check upon a national bank in the city of New York.

3. There and thereupon we next offered for sale all the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to two certain bonds of The Philadelphia and Reading Coal and Iron Company, and also certain claims or demands by The Philadelphia and Reading Railroad Company against The Philadelphia and Reading Coal and Iron Company, the same being designated in said statement as parcel 3, viz :—

PARCEL 3.

All the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to two certain bonds of The Philadelphia and Reading Coal and Iron Company.

One thereof, dated July 1st, 1874, for the principal sum of $30,000,000, and secured by mortgage dated July 1st, 1874, and the other thereof, dated December 28th, 1876, for the principal sum of $10,000,000, secured by mortgage dated December 28th, 1876.

The first of said mortgages was assigned to the trustee of the mortgage known as the General Mortgage of The Philadelphia and Reading Railroad Company bearing date July 1st, 1874, subject to a certain declaration in favor of the holders of the bonds secured by the mortgage known as the Consolidated Mortgage, as collateral to secure a proposed issue of $60,000,000 of bonds under said mortgage, of which $24,685,000 of bonds are now outstanding and held by the trustee of the General Mortgage of January 3d, 1888, and $1000 bond is now outstanding in the hands of the public. For further information

reference is hereby made to the said General Mortgage as the same remains of record.

The second of the said mortgages was assigned to the trustee of the mortgage known as the Income Mortgage of The Philadelphia and Reading Railroad Company, bearing date December 1st, 1876, as collateral to secure a proposed issue of $10,000,000 of bonds under said mortgage, of which $8,526,610 are now outstanding and held by the trustee of the General Mortgage of January 3d, 1888, and $2000 are now outstanding in the hands of the public.

By the twentieth article of the General Mortgage of January 3d, 1888, as by reference thereto will more fully appear, the said mortgages, subject to any assignment, pledge or transfer theretofore made, were made subordinate in lien, effect and operation to the said General Mortgage of January 3d, 1888, and the Railroad Company did thereby, to the full extent of its interest in said mortgages, make a certain declaration in reference thereto in favor of said General Mortgage of January 3d, 1888, as by reference thereto as the same remains of record will more fully appear.

Certain claims or demands of The Philadelphia and Reading Railroad Company against The Philadelphia and Reading Coal and Iron Company, as follows, to wit:—

A. Loan account, representing cash, advances, &c. $24,879,336 16
B. Current business account, approximating 4,300,000 00

The highest and best bid for said property, when so offered by us as the single parcel 3, was made by Charles H. Coster and Francis Lynde Stetson, who offered and bid for such property as such separate parcel the sum of $100,000, such bidders, as required by the said degree, having first deposited with us as Receivers, as a pledge that they would make good their bid or bids in case of acceptance, the sum of $100,000 in certified check upon a national bank in the city of New York.

4. There and thereupon, as authorized by said decree, and as by us, acting under the direction of the Special

Master, was deemed expedient and most likely to secure the highest and best price for the property sold, we did next offer for sale, as a unit and in a single parcel, all and singular the assets hereinbefore mentioned, being the combined parcels aforesaid, and the highest and best bid for all such assets and property, when offered as a single combined parcel, was made by Charles H. Coster and Francis Lynde Stetson, who as joint tenants, and not as tenants in common, offered and bid for such property as such single combined parcel the sum of $4,500,000, such bidders, as required by the said decree, having first deposited with us as Receivers, as a pledge that they would make good their bid or bids in case of acceptance, the sum of $100,000 in certified check on a national bank in the city of New York.

As the sum so bid by the said Coster and Stetson for the combined parcels when offered together as a single parcel and as a unit exceeded the aggregate amount of the highest and best bids for the property when offered as separate parcels, the undersigned then and thereupon did strike off and sell to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, for their said aggregate bid of $4,500,000, all of the assets of every nature and description in our hands not in said decree adjudged to be subject to the lien of the General Mortgage above mentioned, and did return the deposits made by the said separate bidders for said parcels when offered separately.

Third.—Each and every of the said bids was made by the said purchasers and was accepted by us, and each and every such sale of the said property and assets was made by us and was accepted by the said purchasers, upon the express condition that every such sale was upon terms similar to those prescribed by the said decree in respect of the sale to be made by the said trustee under said General Mortgage of the premises and property by said decree adjudged to be subject to said General Mortgage—for full and detailed statement of which

reference was made to said decree and to said notice of sale.

We hold subject to the court's order $300,000 cash, to us paid over by said purchasers on their bid.

All of which is respectfully submitted.

J. S. HARRIS,
EDWARD M. PAXSON,
JNO. LOWBER WELSH,
Receivers.

Dated PHILADELPHIA, September 23d, 1896.

SCHEDULE A.

(Being copy notice referred to in foregoing report.)

THE PHILADELPHIA AND READING COMPANIES.

NOTICE OF RECEIVERS' SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant, vs. *The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.*	In Equity. April Sessions, 1895. No. 9.

WHEREAS, By a decree of the Circuit Court of the United States for the Eastern District of Pennsylvania, made and entered on the first day of May, 1896, in the above-entitled cause, it was among other things provided that in default of the payment therein adjudged to be made, the above-named complainant, The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee named in a mortgage or deed of trust made by The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated January 3d, 1888, known as the General Mortgage, should sell all the property, premises and franchises of every description described in said General Mortgage or adjudged in said decree to have become subject

thereto, except the property sold since the date of said General Mortgage under the powers therein reserved;

And Whereas, Default has been made in such payment, and said trustee has given notice that it will, in pursuance of said decree and in the exercise of the powers and duties conferred and imposed by said General Mortgage, sell said mortgaged property at the old station on Callowhill Street, between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania (that being upon the premises sold), upon Wednesday, the twenty-third day of September, 1896, at twelve o'clock noon of that day, upon the terms stated in said decree and in said notice of sale;

And Whereas, By said decree it was further ordered, adjudged, and decreed that the Receivers of the property of the above-named defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, sell on the day and at the place appointed by said trustee for the sale of said mortgaged premises, and immediately prior to such sale, all the assets of every nature or description in the hands of said Receivers and not adjudged by said decree to be subject to the lien of said General Mortgage;

Now, therefore, the undersigned, the Receivers of all the property of the above-named defendants, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, will, under the direction of the Special Master in said case, sell at public auction to the highest bidder or bidders, for cash, at the old station on Callowhill Street, between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania, on the said Wednesday, the twenty-third day of September, 1896, at ten o'clock in the forenoon, immediately prior to the sale of the said mortgaged premises by said decree directed to be made, all said assets of every nature and description in the hands

of said Receivers not by said decree adjudged to be subject to the lien of said General Mortgage, including the shares and bonds owned by The Philadelphia and Reading Railroad and Philadelphia and Reading Coal and Iron Companies, now in the hands of the Receivers (or the right, title and interest in and to such as are subject to the pledges specified in the statement now on file with the clerk of the said court), and the right, title and interest of The Philadelphia and Reading Railroad Company in the collaterals pledged under the agreement of January 1st, 1892, to secure an issue of $10,000,000 collateral trust bonds, of which bonds $7,148,000 are pledged and held as security for certain obligations particularly described in the said statement.

No bid will be received from any one offering to bid who shall not first deposit, as pledge that he will make good his bid or bids in the event of acceptance, the sum of $100,000 in money, or in certified check or checks on a national bank or banks, or trust company or trust companies, in the city of Philadelphia or the city of New York; and on payment of the purchase price the Receivers will deliver to the purchaser or purchasers the assets so sold, free from further claim or liability of any character in respect of such purchase. In all other respects said sale will be upon terms similar to those prescribed by said decree in respect of the sale to be made by said trustee under said General Mortgage of the premises and property by said decree adjudged to be subject to said General Mortgage; for a full and detailed statement of which reference is hereby made to said decree and to said notice of sale.

In accordance with the terms of the decree requiring the Receivers within two weeks prior to the time of the foregoing sale to file with the clerk of the said court a statement showing, as definitely as practicable, the assets to be embraced in the sale, of which notice is hereinabove given, such statement has been filed in the office of the said clerk, and for further particulars reference thereunto is hereby made; but such statement will be ad-

visory only, and nothing therein contained will be binding upon the purchaser or purchasers at said sale, nor will such statement constitute grounds for a release from any bid because of any misrepresentation therein or omission therefrom.

The Receivers deem it expedient, and accordingly they give notice, that the before-mentioned assets in said statement specified and divided into separate parcels shall and will be offered as follows, to wit:—

The right, title and interest of the Receivers and of the Railroad Company in and to the stocks and bonds, of the par value in the aggregate of $15,584,500, pledged to secure the collateral trust loan, and constituting parcel 1, as set forth in the said statement, will first be offered for sale as a separate parcel, and the Receivers will note the highest and best bid received therefor.

They will next offer for sale, as a separate parcel, the stocks and bonds, of the par value in the aggregate of $23,239,253 (or the right, title and interest in such as are pledged), in said statement, designated as parcel 2, and will note the highest and best bid received therefor.

They will next offer for sale as a separate parcel the right, title and interest of the Railroad Company in and to two certain bonds of the Coal and Iron Company, and also in certain claims against the Coal and Iron Company in said statement designated as parcel 3 (said bonds and claims amounting in the aggregate to $68,879,336.16), and will note the highest and best bid received therefor.

They will also, if requested so to do by any bidder, receive bids for any separate item or items in parcel 2, and then offer the remaining items in said parcel, and note the highest and best bids received therefor.

They will then offer for sale, as a unit, all and singular the assets hereinbefore mentioned, being the combined parcels aforesaid, and will note the highest and best bid received therefor.

If the best bid for all such assets and property when offered as one parcel shall exceed the aggregate of the

bids theretofore received therefor when offered as separate parcels, then and in such case the Receivers will strike off all of the said assets and property to the highest and best bidder for the same as so sold as one parcel; but if such unit bid for all such assets and property as one parcel shall be less than the aggregate of such separate bids theretofore received therefor when offered as separate parcels, then and in such case the Receivers will strike off the said parcels separately to the highest and best bidders respectively for such parcels severally.

Dated PHILADELPHIA, August 1st, 1896.

JOSEPH S. HARRIS,
EDWARD M. PAXSON,
J. LOWBER WELSH,

Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company.

THOMAS HART, JR.,
SAMUEL DICKSON,

Solicitors.

TRUSTEE'S REPORT OF SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,	
vs.	In Equity.
The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.	April Sessions, 1895. No. 9.

TO THE HONORABLE THE JUDGES OF SAID COURT IN EQUITY SITTING:

On the first day of May, 1896, a decree of foreclosure and sale was entered in the above-entitled cause, wherein and whereby, among other things, it was ordered, adjudged and decreed that in default of the payment by the defendant, The Philadelphia and Reading Railroad Company, or by any one claiming under it, or by any one for its account, or of payment by the defendant, The Philadelphia and Reading Coal and Iron Company, or by any one claiming under it, or by any one for its account, of the amount by said decree adjudged, within twenty days after the entry of said decree, the properties, premises and franchises by said decree adjudged to have become subject to a mortgage or deed of trust bearing date the third day of January, 1888, made to the complainant in said cause by the said The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, and known as the General Mortgage, be sold as in said decree directed on

a day and at an hour to be fixed by said complainant, the trustee under said General Mortgage; and more than twenty days having elapsed since the entry of said decree and default having been made in the payment by said decree directed:

Now, the undersigned, The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee named in said General Mortgage of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated January 3d, 1888, under and in pursuance of said decree does hereby report as follows:—

First.—The undersigned, as trustee named in said General Mortgage, did give notice that under and in pursuance of said decree and in the exercise of the powers and duties conferred and imposed upon it by said General Mortgage, would sell at the old station on Callowhill Street, between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania (that being on the premises to be sold), on Wednesday, the twenty-third day of September, 1896, at twelve o'clock noon of that day, to the highest and best bidder or bidders, all and singular the mortgaged and pledged property by said decree adjudged to be subject to said General Mortgage and therein directed to be sold; such notice of sale containing a brief general description of the property to be sold, and referring to the said decree, which notice was given by publication for a period of three months, as in said decree directed, and was published upon June 22d, 24th, July 1st, 8th, 15th, 22d, 29th, August 5th, 12th, 19th, 26th and September 2d, 9th, 16th and 23d in each of the following newspapers, to wit:—

The *Press*, the *Times*, the *Record*, the *Ledger*, the *North American*, the *Telegraph*, the *Bulletin*, and the *Inquirer*, each being a daily newspaper printed, published, regularly issued and having a general circulation in the city of Philadelphia, in the State of Pennsylvania.

The *Times* and the *Sun*, each being a daily newspaper printed, published, regularly issued and having a general

circulation in the city of New York, in the State of New York.

The *Times* and the *News*, each being a daily newspaper printed, published, regularly issued and having a general circulation in the city of London, in the Kingdom of Great Britain.

A printed copy of the said notice, as published in each and every of the said newspapers above mentioned, marked "Schedule A," is hereunto annexed and made part hereof.

Second.—At the time and place specified in such notice of sale, to wit, upon Wednesday, the twenty-third day of September, 1896, at twelve o'clock noon of that day, the undersigned, as such trustee, by its president, Henry N. Paul, and J. Harbeson Barnes as its auctioneer, attended at the old station on Callowhill Street, between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania (that being on the premises sold), and then and there, pursuant to said decree and as next hereinafter set forth, did sell the entire mortgaged and pledged property of every description of said The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire mortgaged and pledged property of every description of said The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire property pledged to the complainant by the Reconstruction Trustees, as set forth in the bill of complaint in this cause, severally and respectively in each case as a whole and as directed in the said decree.

(1.) The undersigned then and there first offered for sale, as a separate parcel, the following property of The Philadelphia and Reading Railroad Company, the same being designated in said notice of sale as the first parcel, viz.:—

THE FIRST PARCEL.

THE FOLLOWING PROPERTY OF THE PHILADELPHIA AND READING RAILROAD COMPANY.

I.

The following lines of railroads and other property of said Railroad Company, to wit:—

The Main Line, the Lebanon Valley Branch, the Lebanon and Tremont Branch, the Mahanoy and Shamokin Branch, the Mt. Carbon Branch, the Schuylkill and Susquehanna Branch, the Port Kennedy Branch, the West Reading Branch, the Moselem Branch;

The leasehold interest in the Philadelphia, Germantown and Norristown Railroad;

The leasehold interest in the Chestnut Hill Railroad;

The leasehold interest in the Plymouth Railroad;

The leasehold interest in the Colebrookdale Railroad;

The leasehold interest in the East Pennsylvania Railroad;

The leasehold interest in the East Mahanoy Railroad Company and the Little Schuylkill Navigation Railroad and Coal Company;

The leasehold interest in the Schuylkill Valley Navigation and Railroad Company;

The leasehold interest in the Mill Creek and Mine Hill Navigation and Railroad Company;

The leasehold interest in the Mt. Carbon and Port Carbon Railroad;

The leasehold interest in the Mine Hill and Schuylkill Haven Railroad;

The leasehold interest in the canal and navigation work of the president, managers and company of the Schuylkill Navigation Company;

The leasehold interest in the canal and navigation works of the Susquehanna Canal Company;

The leasehold interest in the railroad of the Catawissa Railroad Company;

1145

The leasehold interest in the railroad of the Pickering Valley Railroad Company;

The leasehold interest in the railroad known as the Philadelphia and Chester Branch;

The leasehold interest in the main line of the railroad of the North Pennsylvania Railroad Company and the branches thereof known as the Delaware River Branch and the Doylestown Branch;

The leasehold interest in the railroad of the Delaware and Bound Brook Railroad Company, together with the branch known as the Trenton Branch;

The leasehold interest in the Schuylkill and Lehigh Railroad;

The leasehold interest in the Shamokin, Sunbury and Lewisburg Railroad;

And all real estate of said Railroad Company wherever situated owned by it at the date of the execution of said General Mortgage or by it thereafter in any manner acquired, or held for its benefit or in trust for it; all other railroads then owned or thereafter constructed or acquired by purchase, merger, or in any manner whatever by said Railroad Company; all other leasehold estates in any other railroads at any time after the execution of said General Mortgage acquired by lease, assignment or in any manner whatsoever by said Railroad Company; all branches, extensions, sidings and turnouts of all said railroads and each of them; all advances made by said Railroad Company in the operation by it of the leased railroads forming part of the mortgaged property so far as the same are repayable, and all right and claim to the repayment thereof; all lands, rights of way, rails, bridges, walls, fences, workshops, machinery, stations, offices, depots, depot grounds, engine houses, buildings, improvements, tenements and hereditaments; all locomotives, tenders, passenger cars, baggage cars, freight cars, coal cars and all other engines, cars, carriages and rolling stock, tools, implements, materials and supplies; and all steam colliers, ships, vessels and canal boats owned by said Railroad Company at the date of the

execution of said General Mortgage, or by it thereafter at any time acquired; all and singular the tolls, rents, revenues, issues, profits and income of the Railroad Company derived from said railroads, canals and other property; all corporate and other rights, privileges, appurtenances and franchises of said Railroad Company, or connected with or relating to said mortgaged premises then owned by it or thereafter acquired; all the streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatsoever unto any of said mortgaged premises and estates belonging or appertaining; and all the estate, right, title, interest, profit, claim and demand of every nature and kind whatsoever of the Railroad Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

Excepting, however, therefrom any property heretofore sold or conveyed by said Railroad Company under the powers reserved in said General Mortgage, but including all cash and securities by the trustee received and held in consideration of its release of any such property.

II.

One hundred and sixty thousand shares of the par value of fifty dollars each in the capital stock of The Philadelphia and Reading Coal and Iron Company.

III.

All shares and bonds of lines leased or controlled by The Philadelphia and Reading Railroad Company deposited with the undersigned as trustee under the said General Mortgage of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated January 3d, 1888, for which General Mortgage bonds have, under the terms of said General Mortgage, been issued, including the following:—

(1.) $192,340.47 of the mortgage loans of the Schuylkill Navigation Company, commonly known as loans of 1872–1897.

(2.) $91,317.67 of the mortgage loans of the Schuylkill Navigation Company, commonly known as Loans of 1882–1907.

(3.) $119,000 of the loans of the Schuylkill Navigation Company, commonly known as the Loans of 1895.

(4.) $13,500 of the loans of the Schuylkill Navigation Company, commonly known as the Improvement Loan.

(5.) $71,500 of the boat and car loans of the Schuylkill Navigation Company.

(6.) $64,300 in the preferred stock of the Schuylkill Navigation Company.

(7.) $20,800 in the common stock of the Schuylkill Navigation Company.

(8.) The following securities and stocks of the Susquehanna Canal Company:—

First mortgage preferred	$227,000 00
First mortgage priority	96,810 58
Third mortgage six per cent	1,316,376 52
Fourth mortgage seven per cent	238,000 00
Stock	1,970,973 84

(9.) $239,300 in the first mortgage loan of the Pickering Valley Railroad Company.

(10.) $504,300 in the mortgage bonds of the Colebrookdale Railroad Company.

(11.) The following securities of the Catawissa Railroad Company:—

10 per cent. chattel mortgage bonds, 1868–1888	$98,450
5 per cent. chattel mortgage bonds, 1880	24,500
7 per cent. debenture bonds, 1917	62,000

Subject, however, and reference is hereby made, to the terms, conditions, reservations and obligations in the said decree contained, including those therein described applicable to the said first parcel, and especially to the provisions in said decree that all claims and equities of the Philadelphia, Reading and New England Railroad Company and the holders of its bonds and shares be, and the same were thereby, reserved for further consideration.

The undersigned also then and there gave public notice that the parcel so offered for sale was and is sub-

ject to the following prior liens and incumbrances, so far as they respectively attach to the premises thereby conveyed or any part thereof, viz:)—

Certain mortgages created by The Philadelphia and Reading Railroad Company to secure bonds, of which there were outstanding at the execution of the said General Mortgage the following amounts, to wit:—

6 per cent. £ mortgage loan, 1843–1910, coupon	$967,200 00
6 per cent. $ mortgage loan, 1843–1910, coupon	545,500 00
6 per cent. $ mortgage loan, 1844–1910, coupon	795,000 00
6 per cent. $ mortgage loan, 1848–1910, coupon	92,000 00
6 per cent. $ mortgage loan, 1849–1910, coupon	67,000 00
4½ per cent. $ mortgage, convertible loan, 1857–86, coupon	1,000 00
4½ per cent. $ mortgage, convertible loan, 1857–1910, coupon	78,000 00
5 per cent. $ mortgage, convertible loan, 1868–1893–1933	2,696,000 00
	$5,241,700 00

Consolidated mortgage loan, 1871–1911:

6 per cent. gold, $ or £, coupon	$6,999,000 00
6 per cent. gold, $ or £, coupon	305,000 00
6 per cent. gold, $, registered	858,000 00
7 per cent. gold, $, registered	3,339,000 00
7 per cent. gold, $, coupon	7,310,000 00
	$18,811,000 00

Improvement mortgage loan, 1873–97:

6 per cent. gold, $ or £, coupon	$49,364,000 00

Income mortgage loan, 1876–96:

7 per cent., $	1,000 00

Consolidated mortgage loan, 1882–1922, first series:

5 per cent. gold, $	5,767,042 00

Consolidated mortgage loan, 1883–1933, second series:

5 per cent. gold, $	1,535 00
Bonds and mortgages on real estate	3,598,896 85
	$42,785,173 85

Thereupon Charles H. Coster and Francis Lynde Stetson offered and did bid for the property above described, being the first parcel aforesaid, the sum of $7,500,000, and with such offer and bid deposited $400,000 par value of the bonds secured by the said General Mortgage, with all unpaid coupons attached. No higher offer or bid for such property was made, although ample opportunity was given therefor.

Thereupon the undersigned struck off said property, being the first parcel aforesaid, to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, for the sum of $7,500,000, they being the highest and best bidders, and that being the highest and best bid therefor.

Thereupon the said Charles H. Coster and Francis Lynde Stetson, upon the acceptance of their said bid for the first parcel aforesaid, made a further deposit of $600,000, par value, of the bonds secured by the said General Mortgage, with all unpaid coupons thereto attached.

(2.) There, and thereupon, the undersigned next offered for sale the following property of The Philadelphia and Reading Coal and Iron Company, the same being designated in said notice of sale as the second parcel, viz.:—

THE SECOND PARCEL.

THE FOLLOWING PROPERTY OF THE PHILADELPHIA AND READING COAL AND IRON COMPANY.

I.

The following coal lands, coal leases, iron-ore lands, furnace properties and other real estate:—

COAL LANDS.

No. 1. Trevorton estate.
2. Associate lands.
3. Zimmerman and Heller tracts.
4. John Boyd tract.
5. Shamokin and Bear Valley tracts.
6. M. E. Leverson tract.
7. William M. Rockafeller tract.
8. Big Mountain lands.

9. Wetherill, Gray, Cleaver, and Brady tracts.
10. Preston Miller survey.
11. Bittenbender lands.
12. George Schall tract.
13. McIntyre lands.
14. William Sheed tract.
15. Helfenstein lands.
16. Locust Mountain Summit Improvement Company lands.
17. Samuel Morgan tract.
18. Mount Carmel Coal and Iron Company lands.
19. Mount Carmel and Locust Mountain Coal Company lands.
20. Locust Dale estate.
21. Ashland estate.
22. Fountain Springs tract.
23. Necho Allen tract.
24. Locust Mountain tract.
25. William Jones tract.
26. Philadelphia and Mahanoy lands.
27. James McNeal tract.
28. Taggart tract.
29. Neifert tract.
30. Sheafer tract.
31. Kear and Patterson lands.
32. Ely and Richle tract.
33. Andrew Love tract.
34. Summit lands.
35. Tamaqua lands.
36. Coal Hill estate.
37. Wood and Abbot tract.
38. Guiterman or Tuscarora tract.
39. Glentworth tract.
40. Eagle Hill tract.
41. Mary Patterson tract.
42. Valley Furnace lands.
43. Lewis tracts.
44. Ravensdale tract.
45. Dilcamp tract.
46. Lee lands.
47. Repp and Keim tracts.
48. Repp's heirs' tract.
49. Saw Mill tract.
50. St. Clair tract.
51. Ellmaker tract.
52. Flowery Field tract.
53. West Flowery Field tract.
54. Mount Laffee tract.
55. Oak Hill tract.
56. Duncan lands.
57. Houston or Russell tract.
58. Coit tract.
59. Samuel Heffner tract.
60. Minersville tract.
61. Minersville Coal Reserve.
62. Carey and Hart tract.
63. Jemmy Laing tract.
64. Diamond tract.
65. Gettle and Wagner lands.
66. Manhattan lands.
67. Catharine Groh tract.

68. Hammer and Hoy tract.
69. Phœnix Park tract.
70. Hughes and Langton tract.
71. Llewellyn tract.
72. Salem lands.
73. Little Klauser tract.
74. Reed tract.
75. Hartman and Myer tract.
76. Little Schall tract.
77. Big Schall tract.
78. Gunkel and Branham tracts.
79. Farquhar lands.
80. Green lands.
81. Swatara lands.
82. Schuylkill and Dauphin Improvement and Railroad Company lands.
83. Tower Meconkey *et al.* lands.
84. Francis Spatzer tract.
85. One-eighth of Joseph S. Silver tract.
86. Henry Houtz tract.
87. Alexander Klinger tract.
88. Philip Kunzleman tract.
89. Forbes and Delano lands.
90. Leonard Illig tract.
91. Peter Levengood tract.
92. Munson and Williams lands.
93. Keffer tract.
94. Fishing Creek tract (north).
95. Fishing Creek tract (south).
96. Michael Seltzer tract.
97. Schuylkill and Susquehanna lands.
98. Peter Kessler tract.

Coal Leases.

99. Lease from the Preston Coal and Improvement Company.
100. Lease from the Delaware Coal Company.
101. Lease from the Mammoth Vein Coal and Iron Company.
102. Lease from the Tremont Coal Company.
103. Lease of Green tract.
104. Lease of Henry Miller and Sarah Moore tracts.
105. Lease of Conrad Mertz tract.
106. Lease of Hepburn tract.
107. Lease of one-fourth of Bernard Hubley tract.
108. Lease of part of Andrew Lytle tract.
109. Lease of one-eighth of the Alexander Klinger tract.
110. Lease of one-half of Kinnear, Meyer, and Spaetzer tracts.
111. Lease of Nancy Kinnear tract.
112. Lease of Flowery Field, Saw Mill and Ellmaker tracts and Lee lands.
113. Lease of West Bear Ridge Colliery.
114. Lease of East Bear Ridge Colliery.
115. Lease of Henry Clay Colliery.
116. Lease of Peerless Colliery.
117. Lease of Buck Ridge Colliery.
118. Lease of Girard, Mammoth and Cuyler Collieries.
119. Lease of Union, or North Ashland, Colliery.
120. Lease of Hammond and Conner Collieries.
121. Lease of Girard Colliery.

Iron-Ore Lands.

122. Putnam Valley, New York, lands.
123. Putnam County, New York, ore lands.
124. Nelson County, Virginia, iron-ore lands.
125. Nelson and Amherst Counties, Virginia, iron-ore lands.
126. Albemarle County, Virginia, iron-ore lands.
127. Seasholtzville, Pa., land.
128. Big Pond, Pa., estate.
129. Boiling Spring lease, Pennsylvania.
130. Heim and Vanasdlen lands.

Furnace Properties.

131. Bechtelsville.
132. Swede.
133. Kutztown.
134. East Penn.
135. Emaus.
136. St. Clair.
137. Ringgold.
138. Monocacy.
139. Port Carbon Furnace and Rolling Mill.
140. Powhatan Furnace, Virginia.

Other Real Estate.

141. Office building and lot, Pottsville.
142. Acre lot, Branch Township.
143. Tower City lands.
144. Lot of ground, Chestnut Street, Reading.
146. Adams Street Depot, Brooklyn, N. Y.
147. Twenty-ninth Street Depot (leasehold), New York City.
148. New Bedford Depot, Massachusetts.
149. Newburyport Depot, Massachusetts.
150. Salem Depot (leasehold), Massachusetts.
151. Pottsville shops.
152. Bellefonte lots.
153. Surface—Town of Locust Dale.
154. Surface—Ashland.
155. Hegins Township lot.
156. Port Carbon lots.
157. Berks County lands.
158. Lot at Preston.
159. Various Schuylkill County lands.
160. Cameron Township lands.

And all other real estate of said Coal and Iron Company wherever situate owned by it at the date of the execution of said General Mortgage, or by it thereafter in any manner acquired or held for its benefit or in trust for it; all railroads and all branches, extensions, sidings and turnouts of any railroad then belonging to said Coal and Iron Company, or thereafter constructed or in any

manner acquired by it; all lands, coal leases, iron-ore leases, mines, collieries, breakers, engines, workshops, machinery, offices, buildings, improvements, tenements and hereditaments then owned by it or by it thereafter in any manner acquired or for its benefit or in trust for it; all yards, depots and wharves, all locomotives, tenders, coal cars, carriages and all other engines, cars, rolling stock, tools, implements, horses, mules and materials; and all corporate and other rights, privileges, appurtenances and franchises of said Coal and Iron Company, or connected with or relating to the said lands, coal or iron mines, railroad or other premises, or any of them, owned by said Coal and Iron Company at the date of the execution of said General Mortgage, or by it at any time thereafter constructed or acquired; all and singular the tolls, rents, revenues, issues, profits and income of the Coal and Iron Company derived from said railroad, canals, coal or iron mines, and other property; and all streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatever unto any of the said mortgaged premises and estates belonging or appertaining; and all the estate, right, title, interest, profit, claim and demand of every nature and kind whatsoever of the Coal and Iron Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

Excepting, however, therefrom any property heretofore conveyed or transferred under the powers reserved in said General Mortgage, but including all cash and securities by the trustee received and held in consideration of its release of any such property.

II.

The following shares of the capital stock of other corporations owned by said Coal and Iron Company, but subject to a prior pledge thereof by it to The Philadelphia and Reading Railroad Company under a mortgage dated July 1st, 1874, viz.:—

Name of Company.	No. of Shares.
Preston Coal and Improvement Company	56,683
Fulton Coal Company	63,537
Locust Gap Improvement Company	50,522
Tremont Coal Company	118,354
Mammoth Vein Coal and Iron Company	59,727
Delaware Coal Company	4,716

Subject, however, and reference is hereby made, to the terms, conditions, reservations and obligations in the said decree contained, including those therein described applicable to the said second parcel.

The undersigned also then and there gave public notice that the parcel so offered for sale was and is subject, so far as applicable to the same or to parts thereof, to certain mortgages or liens given or created by The Philadelphia and Reading Coal and Iron Company to secure obligations to an aggregate principal amount of $12,500,000, as shown by the report of the Special Master filed herein.

Thereupon Charles H. Coster and Francis Lynde Stetson offered and did bid for the property above described, being the second parcel aforesaid, the sum of $7,500,000, and with such offer and bid deposited $400,000, par value, of the bonds secured by the said General Mortgage, with all unpaid coupons attached. No higher offer or bid for such property was made, although ample opportunity was given therefor.

Thereupon the undersigned struck off said property, being the second parcel aforesaid, to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, for the sum of $7,500,000, they being the highest and best bidders, and that being the highest and best bid therefor.

Thereupon the said Charles H. Coster and Francis Lynde Stetson, upon the acceptance of their said bid for the second parcel aforesaid, made a further deposit of $600,000, par value, of the bonds secured by the said General Mortgage, with all unpaid coupons thereto attached.

(3.) There and thereupon the undersigned next offered for sale the following securities and stocks pledged as security for said General Mortgage by certain Reconstruction Trustees of The Philadelphia and Reading Railroad Company, the same being designated in said notice of sale as the third parcel, viz.:—

THE THIRD PARCEL.

THE FOLLOWING SECURITIES AND STOCKS PLEDGED AS SECURITY FOR SAID GENERAL MORTGAGE BY CERTAIN RECONSTRUCTION TRUSTEES OF THE PHILADELPHIA AND READING RAILROAD COMPANY:

I.

General mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said Railroad Company, dated July 1st, 1874, to the Fidelity Insurance, Trust and Safe Deposit Company, trustee, $24,457,000.

Income mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said Railroad Company, dated December 1st, 1876, to Edwin M. Lewis, trustee, $8,493,810.

First series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by mortgage of said Railroad Company, dated August 26th, 1882, to The Pennsylvania Company for Insurances on Lives and Granting Annuities, of the City of Philadelphia, trustee, $184,606.

Second series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by said mortgage, dated August 26th, 1882, $6,131,404.

II.

(1.) $1,493,249.73 of the mortgage loans of the Schuylkill Navigation Company, commonly known as the Loans of 1872–1897.

(2.) $3,849,828.67 of the mortgage loans of the Schuylkill Navigation Company, commonly known as the Loans of 1882–1907.

(3.) $1,062,000 of the loan of the Schuylkill Navigation Company, commonly known as the Loan of 1895.

(4.) $214,500 of the loan of the Schuylkill Navigation Company, commonly known as the Improvement Loan.

(5.) $669,550 of the boat and car loan of the Schuylkill Navigation Company, due in 1913.

(6.) $579,350 of the boat and car loan of the Schuylkill Navigation Company, due in 1915.

(7.) 64,580 shares of the preferred stock of the Schuylkill Navigation Company.

(8.) 12,554 shares of the common stock of the Schuylkill Navigation Company.

Subject, however, and reference is hereby made, to the terms, conditions, reservations and obligations in the said decree contained, including those therein described applicable to the said third parcel.

Thereupon, Charles H. Coster and Francis Lynde Stetson offered and did bid for the property above described, being the third parcel aforesaid, the sum of $1,000,000, and with such offer and bid deposited $400,000, par value, of the bonds secured by the said General Mortgage, with all unpaid coupons attached. No higher offer or bid for such property was made, although ample opportunity was given therefor.

Thereupon the undersigned struck off said property, being the third parcel aforesaid, to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, for the sum of $1,000,000, they being the highest and best bidders, and that being the highest and best bid therefor.

Thereupon the said Charles H. Coster and Francis Lynde Stetson, upon the acceptance of their said bid for the third parcel aforesaid, made a further deposit of $600,000, par value, of the bonds secured by the said General Mortgage, with all unpaid coupons thereto attached.

(4.) Subject to the terms, conditions and obligations in said decree contained, the following-described property was included in such sales and struck off to the said purchasers, viz.:—

All property, real and personal, of every character and description, or any beneficial interest therein, acquired by the Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of either of said two parcels or pertaining thereto, or to which, or to any beneficial interest in which, they are or may become entitled, including all income, proceeds of income, bills and accounts receivable, cash, materials, supplies and other property received by said Receivers in the management or operation of such parcel or pertaining thereto, and any and all property appurtenant to such parcel or pertaining thereto and acquired for use in connection with or for the purposes of such parcel or the business of said Railroad Company, or of said Coal and Iron Company in connection therewith, and vested in or standing in the name of the said Receivers, or to which said Receivers in any manner shall have acquired title, at the time of delivery to the purchaser of such parcel; all equipment and all coal in possession of said Receivers at the time of the delivery of such parcel to be delivered as part of and in connection with the parcel in respect of which it shall have been acquired or received by said Receivers.

All of which is respectfully submitted.

PENNSYLVANIA COMPANY FOR INSURANCES ON LIVES AND GRANTING ANNUITIES, TRUSTEE,

By

H. N. PAUL,

President.

Dated PHILADELPHIA, September 23d, 1896.

SCHEDULE A, REFERRED TO IN FOREGOING REPORT.

THE PHILADELPHIA AND READING COMPANIES.

NOTICE OF FORECLOSURE SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,	
vs.	In Equity.
The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.	April Sessions, 1895. No. 9.

WHEREAS, By a decree of the Circuit Court of the United States for the Eastern District of Pennsylvania, made and entered on the first day of May, 1896, in the above-entitled cause, it was, among other things, provided that in default of the payment by the defendant The Philadelphia and Reading Railroad Company, or by any one claiming under it, or by any one for its account, or of payment by the defendant The Philadelphia and Reading Coal and Iron Company, or by any one claiming under it, or by any one for its account, of the amount by said decree adjudged, within twenty days after the entry of said decree, the properties, premises and franchises by said decree adjudged to have become subject to a mortgage or deed of trust, bearing date the third day of January, 1888, made to the complainant

in said cause by the said The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, and known as the General Mortgage, be sold as in said decree directed, on a day and at an hour to be fixed by said complainant, the trustee under said General Mortgage;

And Whereas, More than twenty days have elapsed since the entry of said decree and default has been made, in the payment by said decree directed;

Now, therefore, The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee named in said General Mortgage of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated January 3d, 1888, under and in pursuance of said decree and in the exercise of the powers and duties conferred and imposed upon it by said General Mortgage, will sell at the old station on Callowhill Street between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania (that being on the premises to be sold), on Wednesday, the twenty-third day of September, 1896, at twelve o'clock noon of that day, to the highest and best bidder or bidders,

All and singular the mortgaged and pledged property by said decree adjudged to be subject to said General Mortgage, and therein directed to be sold, and briefly described as follows:—

AS THE FIRST PARCEL.

The Following Property of the Philadelphia and Reading Railroad Company:—

I.

The following lines of railroads and other property of said Railroad Company, to wit:—

The Main Line, the Lebanon Valley Branch, the Lebanon and Tremont Branch, the Mahanoy and Shamo-

kin Branch, the Mt. Carbon Branch, the Schuylkill and Susquehanna Branch, the Port Kennedy Branch, the West Reading Branch, the Moselem Branch;

The leasehold interest in the Philadelphia, Germantown and Norristown Railroad;

The leasehold interest in the Chestnut Hill Railroad;

The leasehold interest in the Plymouth Railroad;

The leasehold interest in the Colebrookdale Railroad;

The leasehold interest in the East Pennsylvania Railroad;

The leasehold interest in the East Mahanoy Railroad Company and the Little Schuylkill Navigation Railroad and Coal Company;

The leasehold interest in the Schuylkill Valley Navigation and Railroad Company;

The leasehold interest in the Mill Creek and Mine Hill Navigation and Railroad Company.

The leasehold interest in the Mt. Carbon and Port Carbon Railroad;

The leasehold interest in the Mine Hill and Schuylkill Haven Railroad;

The leasehold interest in the canal and navigation works of the president, managers and company of the Schuylkill Navigation Company;

The leasehold interest in the canal and navigation works of the Susquehanna Canal Company;

The leasehold interest in the railroad of the Catawissa Railroad Company;

The leasehold interest in the railroad of the Pickering Valley Railroad Company;

The leasehold interest in the railroad known as the Philadelphia and Chester Branch;

The leasehold interest in the main line of the railroad of the North Pennsylvania Railroad Company, and the branches thereof known as the Delaware River Branch and the Doylestown Branch;

The leasehold interest in the railroad of the Delaware and Bound Brook Railroad Company, together with the branch known as the Trenton Branch;

The leasehold interest in the Schuylkill and Lehigh Railroad;

The leasehold interest in the Shamokin, Sunbury and Lewisburg Railroad;

And all real estate of said Railroad Company, wherever situated, owned by it at the date of the execution of said General Mortgage or by it thereafter in any manner acquired or held for its benefit or in trust for it; all other railroads then owned or thereafter constructed or acquired by purchase, merger or in any manner whatever by said Railroad Company; all other leasehold estates in any other railroads at any time after the execution of said General Mortgage acquired by lease, assignment or in any manner whatsoever by said Railroad Company; all branches, extensions, sidings and turnouts of all the said railroads and each of them; all advances made by said Railroad Company in the operation by it of the leased railroads forming part of the mortgaged property so far as the same are repayable, and all right and claim to the repayment thereof; all lands, rights of way, rails, bridges, walls, fences, workshops, machinery, stations, offices, depots, depot grounds, engine houses, buildings, improvements, tenements and hereditaments; all locomotives, tenders, passenger cars, baggage cars, freight cars, coal cars, and all other engines, cars, carriages and rolling stock, tools, implements and materials; and all steam colliers, ships, vessels and canal boats owned by said Railroad Company at the date of the execution of said General Mortgage, or by it thereafter at any time acquired; all and singular the tolls, rents, revenues, issues, profits and income of the Railroad Company derived from said railroads, canals and other property; all corporate and other rights, privileges, appurtenances and franchises of said Railroad Company, or connected with or relating to said mortgaged premises then owned by it or thereafter acquired; all the streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatsoever unto any of said mortgaged premises and estates

belonging or appertaining; and all the estate, right, title, interest, profit, claim and demand of every nature and kind whatsoever of the Railroad Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

Excepting, however, therefrom any property heretofore sold or conveyed by said Railroad Company under the powers reserved in said General Mortgage.

II.

One hundred and sixty thousand shares of the par value of fifty dollars each in the capital stock of The Philadelphia and Reading Coal and Iron Company.

III.

All shares and bonds of lines leased or controlled by The Philadelphia and Reading Railroad Company deposited with the undersigned as trustee under the said General Mortgage of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated January 3d, 1888, for which General Mortgage bonds have, under the terms of said General Mortgage, been issued, including the following:—

(1.) $192,340.47 of the mortgage loans of the Schuylkill Navigation Company, commonly known as Loans of 1872–1897.

(2.) $91,317.67 of the mortgage loans of the Schuylkill Navigation Company, commonly known as Loans of 1882–1907.

(3.) $119,000 of the loans of the Schuylkill Navigation Company, commonly known as the Loans of 1895.

(4.) $13,500 of the loan of the Schuylkill Navigation Company, commonly known as the Improvement Loan.

(5.) $71,500 of the boat and car loans of the Schuylkill Navigation Company.

(6.) $64,300 in the preferred stock of the Schuylkill Navigation Company.

(7.) $20,800 in the common stock of the Schuylkill Navigation Company.

(8.) The following securities and stocks of the Susquehanna Canal Company:—

First mortgage preferred	$227,000 00
First mortgage priority	96,810 58
Third mortgage six per cent	1,316,376 52
Fourth mortgage seven per cent	238,000 00
Stock	1,970,973 84

(9.) $239,300 in the first mortgage loan of the Pickering Valley Railroad Company.

(10.) $504,300 in the mortgage bonds of the Colebrookdale Railroad Company.

(11.) The following securities of the Catawissa Railroad Company:—

10 per cent. chattel mortgage bonds, 1868-1888	$98,450
5 per cent. chattel mortgage bonds, 1880	24,500
7 per cent. debenture bonds, 1917	62,000

AS THE SECOND PARCEL.

THE FOLLOWING PROPERTY OF THE PHILADELPHIA AND READING COAL AND IRON COMPANY:—

I.

The following coal lands, coal leases, iron-ore lands, furnace properties and other real estate:—

COAL LANDS.

No. 1. Trevorton estate.
2. Associate lands.
3. Zimmerman and Heller tracts.
4. John Boyd tract.
5. Shamokin and Bear Valley tracts.
6. M. E. Leverson tract.
7. William M. Rockafeller tract.
8. Big Mountain lands.
9. Wetherill, Gray, Cleaver, and Brady tracts.
10. Preston Miller survey.
11. Bittenbender lands.
12. George Schall tract.
13. McIntyre lands.
14. William Sheed tract.
15. Helfenstein lands.
16. Locust Mountain Summit Improvement Company lands.

17. Samuel Morgan tract.
18. Mount Carmel Coal and Iron Company lands.
19. Mount Carmel and Locust Mountain Coal Company lands.
20. Locust Dale estate.
21. Ashland estate.
22. Fountain Springs tract.
23. Necho Allen tract.
24. Locust Mountain tract.
25. William Jones tract.
26. Philadelphia and Mahanoy lands.
27. James McNeal tract.
28. Taggart tract.
29. Neifert tract.
30. Sheafer tract.
31. Kear and Patterson lands.
32. Ely and Richle tract.
33. Andrew Love tract.
34. Summit lands.
35. Tamaqua lands.
36. Coal Hill estate.
37. Wood and Abbot tract.
38. Guiterman or Tuscarora tract.
39. Glentworth tract.
40. Eagle Hill tract.
41. Mary Patterson tract.
42. Valley Furnace lands.
43. Lewis tracts.
44. Ravensdale tract.
45. Dilcamp tract.
46. Lee lands.
47. Repp and Keim tracts.
48. Repp's heirs' tract.
49. Saw Mill tract.
50. St. Clair tract.
51. Ellmaker tract.
52. Flowery Field tract.
53. West Flowery Field tract.
54. Mount Laffee tract.
55. Oak Hill tract.
56. Duncan lands.
57. Houston or Russell tract.
58. Coit tract.
59. Samuel Heffner tract.
60. Minersville tract.
61. Minersville Coal Reserve.
62. Carey and Hart tract.
63. Jommy Laing tract.
64. Diamond tract.
65. Gettle and Wagner lands.
66. Manhattan lands.
67. Catharine Groh tract.
68. Hammer and Hoy tract.
69. Phœnix Park tract.
70. Hughes and Langton tract.
71. Llewellyn tract.
72. Salem lands.
73. Little Klauser tract.
74. Reed tract.
75. Hartman and Myer tract.

76. Little Schall tract.
77. Big Schall tract.
78. Gunkel and Branham tracts.
79. Farquhar lands.
80. Green lands.
81. Swatara lands.
82. Schuylkill and Dauphin Improvement and Railroad Company lands.
83. Tower Meconkey *et al.* lands.
84. Francis Spatzer tract.
85. One-eighth of Joseph S. Silver tract.
86. Henry Houtz tract.
87. Alexander Klinger tract.
88. Philip Kunzleman tract.
89. Forbes and Delano lands.
90. Leonard Illig tract.
91. Peter Levengood tract.
92. Munson and Williams lands.
93. Keffer tract.
94. Fishing Creek tract (north).
95. Fishing Creek tract (south).
96. Michael Seltzer tract.
97. Schuylkill and Susquehanna lands.
98. Peter Kessler tract.

Coal Leases.

99. Lease from the Preston Coal and Improvement Company.
100. Lease from the Delaware Coal Company.
101. Lease from the Mammoth Vein Coal and Iron Company.
102. Lease from the Tremont Coal Company.
103. Lease of Green tract.
104. Lease of Henry Miller and Sarah Moore tracts.
105. Lease of Conrad Mertz tract.
106. Lease of Hepburn tract.
107. Lease of one-fourth of Bernard Hubley tract.
108. Lease of part of Andrew Lytle tract.
109. Lease of one-eighth of the Alexander Klinger tract.
110. Lease of one-half of Kinnear, Meyer, and Spaetzer tracts.
111. Lease of Nancy Kinnear tract.
112. Lease of Flowery Field, Saw Mill and Ellmaker tracts and Lee lands.
113. Lease of West Bear Ridge Colliery.
114. Lease of East Bear Ridge Colliery.
115. Lease of Henry Clay Colliery.
116. Lease of Peerless Colliery.
117. Lease of Buck Ridge Colliery.
118. Lease of Girard, Mammoth and Cuyler Collieries.
119. Lease of Union, or North Ashland, Colliery.
120. Lease of Hammond and Conner Collieries.
121. Lease of Girard Colliery.

Iron-Ore Lands.

122. Putnam Valley, New York, lands.
123. Putnam County, New York, ore lands.
124. Nelson County, Virginia, iron-ore lands.
125. Nelson and Amherst Counties, Virginia, iron-ore lands.

126. Albemarle County, Virginia, iron-ore lands.
127. Seasholtzville, Pa., land.
128. Big Pond, Pa., estate.
129. Boiling Spring lease, Pennsylvania.
130. Heim and Vanasdlen lands.

Furnace Properties.

131. Bechtelsville.
132. Swede.
133. Kutztown.
134. East Penn.
135. Emaus.
136. St. Clair.
137. Ringgold.
138. Monocacy.
139. Port Carbon Furnace and Rolling Mill.
140. Powhatan Furnace, Virginia.

Other Real Estate.

141. Office building and lot, Pottsville.
142. Acre lot, Branch Township.
143. Tower City lands.
144. Lot of ground, Chestnut Street, Reading.
146. Adams Street Depot, Brooklyn, N. Y.
147. Twenty-ninth Street Depot (leasehold), New York City.
148. New Bedford Depot, Massachusetts.
149. Newburyport Depot, Massachusetts.
150. Salem Depot (leasehold), Massachusetts.
151. Pottsville shops.
152. Bellefonte lots.
153. Surface—Town of Locust Dale.
154. Surface—Ashland.
155. Hegins Township lot.
156. Port Carbon lots.
157. Berks County lands.
158. Lot at Preston.
159. Various Schuylkill County lands.
160. Cameron Township lands.

And all other real estate of said Coal and Iron Company, wherever situate, owned by it at the date of the execution of said General Mortgage, or by it thereafter in any manner acquired or held for its benefit or in trust for it; all railroads and all branches, extensions, sidings and turnouts of any railroad then belonging to said Coal and Iron Company, or thereafter constructed or in any manner acquired by it, all lands, coal leases, iron-ore leases, mines, collieries, breakers, engines, workshops, machinery, offices, buildings, improvements, tenements

and hereditaments then owned by it or by it thereafter in any manner acquired or for its benefit or in trust for it; all yards, depots and wharves; all locomotives, tenders, coal cars, carriages and all other engines, cars, rolling stock, tools, implements, horses, mules and materials; and all corporate and other rights, privileges, appurtenances and franchises of said Coal and Iron Company or connected with or relating to the said lands, coal or iron mines, railroad or other premises, or any of them, owned by said Coal and Iron Company at the date of the execution of said General Mortgage, or by it at any time thereafter constructed or acquired; all and singular the tolls, rents, revenues, issues, profits and income of the Coal and Iron Company derived from said railroad, canals, coal or iron mines and other property; and all streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatever unto any of the said mortgaged premises and estates belonging or appertaining; and all the estate, rights, title, interest, profit, claim and demand of every nature and kind whatsoever of the Coal and Iron Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

Excepting therefrom any property heretofore conveyed and transferred under the powers reserved in said General Mortgage.

II.

The following shares of the capital stock of other corporations owned by said Coal and Iron Company, but subject to a prior pledge thereof by it to The Philadelphia and Reading Railroad Company under a mortgage dated July 1st, 1874, viz.:—

Name of Company.	No. of Shares.
Preston Coal and Improvement Company	56,683
Fulton Coal Company	63,537
Locust Gap Improvement Company	50,522
Tremont Coal Company	118,354
Mammoth Vein Coal and Iron Company	59,727
Delaware Coal Company	4,716

All property, real and personal, of every character and description, which, or any beneficial interest in which, has been acquired by the Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of either of said two parcels or pertaining thereto, or to which, or to any beneficial interest in which, they are or may become entitled, will be sold in connection with such parcels respectively, including all income, proceeds of income, bills and accounts receivable, cash and other property received by said Receivers in the management or operation of such parcel or pertaining thereto, and any and all property appurtenant to such parcel or pertaining thereto and acquired for use in connection with or for the purposes of such parcel or the business of said Railroad Company, or of said Coal and Iron Company in connection therewith and vested in or standing in the name of the said Receivers, or to which said Receivers in any manner shall have acquired title, at the time of delivery to the purchaser of such parcel; all equipment and all coal in possession of said Receivers at the time of the delivery of such parcel to be delivered as part of and in connection with the parcel in respect of which it shall have been acquired or received by said Receivers.

AS THE THIRD PARCEL.

THE FOLLOWING SECURITIES AND STOCKS PLEDGED AS SECURITY FOR SAID GENERAL MORTGAGE BY CERTAIN RECONSTRUCTION TRUSTEES OF THE PHILADELPHIA AND READING RAILROAD COMPANY:—

I.

General mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said Railroad Company, dated July 1st, 1874, to the Fidelity Insurance, Trust and Safe Deposit Company, trustee, $24,457,000;

Income mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said Railroad Company, dated December 1st, 1876, to Edwin M. Lewis, trustee, $8,493,810;

First series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by mortgage of said Railroad Company, dated August 26th, 1882, to The Pennsylvania Company for Insurances on Lives and Granting Annuities, of the city of Philadelphia, trustee, $184,606;

Second series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by said mortgage, dated August 26th, 1882, $6,131,404;

(1.) $1,493,249.73 of the mortgage loans of the Schuylkill Navigation Company, commonly known as the Loans of 1872–1897;

(2.) $3,849,828.67 of the mortgage loans of the Schuylkill Navigation Company, commonly known as the Loans of 1882–1907;

(3.) $1,062,000 of the loan of the Schuylkill Navigation Company, commonly known as the Loan of 1895;

(4.) $214,500 of the loan of the Schuylkill Navigation Company, commonly known as the Improvement Loan;

(5.) $669,550 of the boat and car loan of the Schuylkill Navigation Company, due in 1913;

(6.) $579,350 of the boat and car loan of the Schuylkill Navigation Company, due in 1915;

(7.) Sixty-four thousand five hundred and eighty shares of the preferred stock of the Schuylkill Navigation Company;

(8.) Twelve thousand five hundred and fifty-four shares of the common stock of the Schuylkill Navigation Company.

Under the provision of said decree the purchaser of any parcel, his successors or assigns, upon payment of the purchase price bid therefor, or upon making such provision as the court shall direct for the payment thereof, shall be let into possession of the property embraced in

the conveyance thereof, including all property, real and personal, of every character and description, which, or any beneficial interest in which, has been acquired by the Receivers in the course of the operation and management of the mortgaged property embraced in such conveyance or pertaining thereto, or to which, or to any beneficial interest in which, they are or may become entitled, including all income, proceeds of income, bills and accounts receivable, cash and other property, received by the Receivers in the management or operation of the mortgaged premises embraced in such conveyance or pertaining thereto, and any and all property appurtenant to the premises embraced in such conveyance or pertaining thereto and acquired for use in connection with or for the purposes of such premises or for the business of said Railroad Company or of said Coal and Iron Company in connection therewith and vested in or standing in the names of the said Receivers, or to which said Receivers in any manner shall have acquired title at the time of delivery to such purchaser of the property embraced in such conveyance; all equipment and all coal in possession of the Receivers at the time of the delivery of the conveyance of any such parcel to be delivered as part of and in connection with the parcel, in respect of which it shall have been acquired or received by the Receivers.

For a fuller and more detailed description of the property subject to said General Mortgage, reference is made to said decree and to said General Mortgage.

The entire mortgaged and pledged property of every description of said The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire mortgaged and pledged property of every description of the said The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire property pledged by said reconstruction trustees, will be sold severally and respectively

in each case as a whole, and as the first parcel, the second parcel and the third parcel respectively, as above set forth.

Subject, however, to the right of a majority in interest of the General Mortgage bonds outstanding, by requisition in writing, to be delivered to the undersigned trustee at any time before such sale, to direct such trustee to sell said properties in such parcels as they may deem best.

No bid will be received in respect of the mortgaged property, or of any parcel thereof separately offered from any one offering to bid, who shall not first deposit as pledge that he will make good his bid in case of its acceptance, the sum of $200,000 in money or in certified check or checks on a national bank or banks in the city of Philadelphia or the city of New York, or $400,000, par value, of the bonds secured by said General Mortgage with all unpaid coupons attached. The deposit so received from any unsuccessful bidder will be returned to him when the property shall be struck down, and the deposit received from any successful bidder will be held by the undersigned trustee subject to the further order of said court to be applied on account of the purchase price of the property for which such bid was made.

On the acceptance of any bid the purchaser must forthwith deposit with the undersigned trustee the sum of $500,000 in money or in certified check or checks on any national bank or banks, or trust company or trust companies, in the city of Philadelphia or the city of New York, or $1,000,000, par value, of the bonds secured by said General Mortgage; but any cash or bonds which may have been previously deposited by the successful bidder as a pledge that he would make good his bid will be received on account of the amount so required of him on the acceptance of his bid.

In case any bidder or purchaser shall fail to make good his bid upon its acceptance by the trustee, or shall fail after such acceptance to comply with any order of said court relating to the payment thereof or the con-

summation of the purchase, then the sums in cash or bonds deposited by such purchaser or purchasers will be forfeited as a penalty for such failure, and will be applied towards the payment of the expense of a resale and towards making good any deficiency or loss in case such property shall be sold at a price less than that bid at the prior sale.

If the court shall not confirm the sale for which a deposit shall have been made, such deposit will be returned to the bidder.

Upon confirmation of any sale by said court the purchaser must make further payment or payments, in cash, on account of his bid as from time to time the court may direct. The purchaser of any parcel may satisfy and make good any part of his bid not required to be paid in cash by turning in to be canceled or credited any of the bonds and matured and unpaid interest secured by said General Mortgage and held by such purchaser, counting such bonds and interest for that purpose at the sum which shall be payable to the holder thereof out of the net proceeds of such sale of such parcel as his just share of such net proceeds after allowing for the proportion of the payment which may be required in cash; and if such share of such net proceeds shall be less than the amount then due upon such bonds, such purchaser may make such settlement by receipting on such bonds the amount to be credited thereon. In case the purchaser thereof shall omit to make any payments on account of any unpaid balance of the purchase price within thirty days after the entry of an order requiring such payment, the court may resell any parcel upon such notice as it may direct.

The purchaser or purchasers of the property of said The Philadelphia and Reading Railroad Company subject to said General Mortgage must, as part consideration and in addition to the sum bid for such property, take the same and receive the deed or deeds therefor on the express condition that, to the extent that the assets or the proceeds of assets in the hands of the Receivers in the above-

entitled cause shall be insufficient, such purchaser or his successors or assigns shall pay, satisfy and discharge any unpaid compensation which shall be allowed by the court to said Receivers, and any indebtedness, obligation or liabilities which shall have been contracted or incurred by said Receivers, before they shall have delivered possession of the property sold, whether or not represented by certificates; and also any indebtedness or liability contracted or incurred by said The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, or either of them, in the operation of the mortgaged property, prior to the appointment of said Receivers, which is prior in lien or superior in equity to said General Mortgage, and which shall not be paid or satisfied out of the income of the property in the hands of said Receivers, or out of the assets or out of the proceeds of the assets in their hands, upon the court adjudging the same to be prior in lien or superior in equity to said General Mortgage and directing payment thereof.

All payments for any such purpose made by the purchaser in advance of the final accounting and discharge of the Receivers will be treated as advances and subject to final adjusting on such accounting.

For the purpose of enforcing such payment in accordance with said decree, the court retains jurisdiction of said cause, and reserves the right to retake and resell said railroad property in case the purchaser or purchasers, his or their successors or assigns, shall fail to comply with any order of the court for the payment of such prior indebtedness or liability within thirty days after the service of the copy of such order.

The purchaser or purchasers of any parcel constituting part of the mortgaged property must take the same subject to the performance by him or them, or his or their successors and assigns, of all pending contracts theretofore lawfully made by the Receivers in respect thereof.

For further particulars reference is hereby made to the above-mentioned decree.

THE PENNSYLVANIA COMPANY FOR INSURANCES ON LIVES AND GRANTING ANNUITIES,
By
HENRY N. PAUL,
President.

JOHN G. JOHNSON,
FREDERICK W. WHITRIDGE,
GEORGE L. RIVES,
Solicitors.

Dated PHILADELPHIA, June, 1896.

NOTICE OF APPEARANCE FOR PURCHASERS.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

In Equity.

April Sessions, 1895.

No. 9.

SIR:—Please enter my appearance in the above-entitled action as solicitor for Charles H. Coster and Francis Lynde Stetson, purchasers of the assets and property sold September 23d, 1896, by Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, as Receivers under the decree entered therein.

FRANCIS LYNDE STETSON,
Solicitor for the said Purchasers.

GEORGE F. BAER,
Of Counsel.

To the Clerk of the Circuit Court of the United States for the Eastern District of Pennsylvania.

PETITION OF PURCHASERS FOR CONFIRMATION OF RECEIVERS' REPORT OF SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

In Equity.

April Sessions, 1895.

No. 9.

TO THE HONORABLE THE JUDGES OF THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA:

The petition of Charles H. Coster and Francis Lynde Stetson respectfully shows to the court as follows:—

Upon the twenty-third day of September, 1896, your petitioners attended upon the sale ordered and decreed in this cause by the decree entered herein May 1st, 1896, to be made by the Receivers therein mentioned, and at such sale they did, as joint tenants, and not as tenants in common, become the highest and best bidders for each and all of the assets and property embraced in such sale, being all the parcels mentioned in said decree, all as is set forth in the report thereof made by Joseph S. Harris Edward M. Paxson and John Lowber Welsh, as Receivers conducting such sale on the said twenty-third day of September, 1896.

And thereupon your said petitioners beg leave to intervene and to be made parties in this suit, and further

pray and move that the said report of sale made and filed herein by Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, the Receivers herein, be approved and confirmed.

C. H. COSTER,
FRANCIS LYNDE STETSON,
Purchasers.

FRANCIS LYNDE STETSON,
Solicitor.

GEORGE F. BAER,
Counsel.

STIPULATION FOR CONFIRMATION OF RECEIVERS' REPORT OF SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

In Equity.

April Sessions, 1895.

No. 9.

And now come the parties in the above-mentioned consolidated cause, and also the purchasers, Charles H. Coster and Francis Lynde Stetson, by their respective solicitors, and waive further time to file exceptions to the report of the sale made by the Receivers, pursuant to said decree entered herein; and consent that the motions of the complainant and of the purchasers to confirm said sale and the report of the Receivers made thereon may be now heard and determined and all questions thereunder adjudicated.

THOMAS HART, JR.,
SAML. DICKSON,

Solicitors for The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, Defendants.

JOHN G. JOHNSON,
FREDERICK W. WHITRIDGE,
GEORGE L. RIVES,

Solicitors for The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainants.

FRANCIS LYNDE STETSON,

Solicitor for Purchasers.

PETITION OF PURCHASERS FOR CONFIRMATION OF TRUSTEES' REPORT OF SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,	
vs.	In Equity.
The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.	April Sessions, 1895. No. 9.

TO THE HONORABLE THE JUDGES OF THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA:

The petition of Charles H. Coster and Francis Lynde Stetson respectfully shows to the court as follows:—

Upon the twenty-third day of September, 1896, your petitioners attended upon the sale ordered and decreed in this cause by the decree entered herein May 1st, 1896, to be made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee therein mentioned, and at such sale they did become the highest and best bidders for each and all of the assets and property embraced in such sale, being all the parcels mentioned in said decree, all as is set forth in the report thereof made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee, as conducting such sale on the said twenty-third day of September, 1896.

And thereupon your said petitioners beg leave to intervene and to be made parties in this suit, and further pray and move that the said report of sale made and filed herein by The Pennsylvania Company for Insurances on Lives and Granting Annuities, the trustee herein, be approved and confirmed; but that inasmuch as your said petitioners have purchased the one hundred and sixty thousand shares of the capital stock of The Philadelphia and Reading Coal and Iron Company sold by the trustee under the said decree, and therefore are interested in the preservation of the corporate existence of that company, your petitioners will not ask for a confirmation of the sale or for a conveyance of the corporate rights, privileges and appurtenances and franchises of said Coal and Iron Company.

C. H. COSTER,
FRANCIS LYNDE STETSON,
Purchasers.

FRANCIS LYNDE STETSON,
Solicitor.

GEORGE F. BAER,
Counsel.

STIPULATION FOR CONFIRMATION OF TRUSTEE'S REPORT OF SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

In Equity.

April Sessions, 1895.

No. 9.

And now come the parties in the above-mentioned consolidated cause, and also the purchasers, Charles H. Coster and Francis Lynde Stetson, by their respective solicitors, and waive further time to file exceptions to the report of the sale made by the trustee pursuant to said decree entered herein; and consent that the motions of the complainant and of the purchasers to confirm said sale and the report of the trustee made thereon may be now heard and determined, and all questions thereunder adjudicated.

THOMAS HART, JR.,
SAM'L DICKSON,

Solicitors for The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, Defendants.

JOHN G. JOHNSON,
FREDERICK W. WHITRIDGE,
GEORGE L. RIVES,

Solicitors for The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant.

FRANCIS LYNDE STETSON,

Solicitor for Purchasers.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

In Equity.

April Sessions, 1895.

No. 9.

SEPTEMBER 23d, 1896.

Now come again all the parties, by their respective solicitors, and come also the purchasers, Charles H. Coster and Francis Lynde Stetson, and there came on to be heard the petitions of the said purchasers that the report of Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, Receivers, and the report of The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, filed this twenty-third day of September, 1896, should be approved, and that there should be confirmed and made absolute the sales to the said purchasers this day made by the said Receivers and by the said trustee respectively, all as set forth in the said reports of sale this day filed; whereupon it is

Ordered and decreed, That the said petitions and motions for confirmation be, and the same are hereby, set down for hearing in the Circuit Court of the United States for the Eastern District of Pennsylvania, at a term thereof to be held in the city of Philadelphia, in the Post Office Building, upon Saturday, October 3d, 1896, at ten o'clock in the forenoon, at which place and time the parties in interest are required to show cause why the said peti-

tions and motions should not be granted, and why said reports of sale should not be approved and such sales confirmed and made absolute.

Let a copy of this order be published for at least one week preceding such date in each of the daily newspapers in the city of Philadelphia in which was published the trustee's notice of sale herein.

M. W. ACHESON,
Circuit Judge.

DECREE CONFIRMING RECEIVERS' SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,	
vs.	In Equity.
The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.	April Sessions, 1895. No. 9.

Now come again all the parties, by their respective solicitors, and come also the purchasers, Charles H. Coster and Francis Lynde Stetson, and there came on to be heard their petition that the report of Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, Receivers, heretofore filed herein, should be approved, and that there should be confirmed and made absolute the sale to the said Charles H. Coster and Francis Lynde Stetson of all the assets of every nature and description in the hands of said Receivers and not by the final decree of foreclosure and sale entered herein May 1st, 1896, adjudged to be subject to the lien of the General Mortgage mentioned in said decree, such assets having been briefly described in the Receivers' notice of sale, and more specifically stated in the statement and the amended and supplemental statement heretofore filed herein with the clerk of this court, as required by said decree and stated in said Receivers' notice of sale and report of sale.

And it appearing by the said report of the Receivers that they have fully complied with the directions of said

decree as to the sale of all such assets in their hands not in said final decree of foreclosure and sale adjudged to be subject to the lien of the General Mortgage, and that such purchasers, Charles Henry Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, were the highest and best bidders for all such property and assets sold as a single parcel, and that the same were accordingly struck off to them for the sum of $4,500,000, subject, however, to the terms prescribed by said decree in respect of the sale made thereunder by the trustee under said General Mortgage of the premises and property by said decree adjudged to be subject to said General Mortgage, for full and detailed statement of which reference is made to said decree and to said notice of sale by the Receivers;

And it further appearing by said Receivers' report and by the said petition of said purchasers, that the said purchasers have made the payments thus far obligatory upon them, and have paid over to the said Receivers in cash for and on account of their bid and in payment thereon the sum of $300,000, and no sufficient cause being shown against the report of the said Receivers or the granting of the petition of the said purchasers;

Now, on motion of Thomas Hart, Jr., and Samuel Dickson, solicitors for the Receivers; John G. Johnson, Frederick W. Whitridge and George L. Rives, solicitors for the complainant; and Francis Lynde Stetson, solicitor, and George F. Baer, counsel for the purchasers, and all consenting that said motion for confirmation of said sale and of the said report of said Receivers made thereon may now be heard and determined and all questions thereunder adjudicated,

It is ordered, adjudged and decreed as follows, to wit:—

1. The said report of Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, Receivers herein, is in all things approved, and the sale by them made to Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, of all the assets of every

nature and description in the hands of said Receivers and not by the final decree of foreclosure and sale entered herein May 1st, 1896, adjudged to be subject to the lien of the General Mortgage mentioned in said decree, such assets having been briefly described in the Receivers' notice of sale, and more specifically stated in the statement and the amended and supplemental statement heretofore filed with the clerk of this court as required by said decree and as stated in said Receivers' notice of sale, at and for the sum of $4,500,000, be and the same is hereby in all respects ratified, approved, confirmed and made absolute;

Subject, however, to the terms prescribed by said decree in respect of the sale to be made by the trustee under said General Mortgage of the premises and property by said decree adjudged to be subject to said General Mortgage, for a full and detailed statement of which reference is hereby made to said decree and to said notice of sale.

And this court expressly reserves and retains jurisdiction of this cause and power to enforce all the provisions of said former decree and of this decree, including the right to retake and resell any of said assets and property in case the said purchasers, their successors or assigns, shall fail to comply with any order of this court in respect of any of the terms or conditions of said decree or of this decree within thirty days after the entry of any such order.

And it is further ordered, adjudged and decreed That upon the full payment to the said Receivers of the full amount of the bid of the said purchasers, the said Receivers be, and they are hereby authorized and directed to transfer and to deliver all such assets and property of every nature and description to the said purchasers, and also to execute and deliver to such purchasers, or their successors or assigns, any and all such deed or deeds as may be necessary or proper fully and completely to vest in and transfer to such purchasers or their successors or assigns the full and complete title and interest in and to

all such assets and property, subject only to the conditions of said former decree and of this decree, and to the several and respective liabilities and obligations set forth in the said notice and the said statement and the said supplemental and amended statement given and filed by the said Receivers as aforesaid. The Receivers may in their discretion deposit any part of the purchase moneys received or to be received by them in any national bank or trust company in the city of Philadelphia or the city of New York.

M. W. ACHESON,
Circuit Judge.

Dated OCTOBER 3d, 1896.

DECREE CONFIRMING TRUSTEE'S SALE.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,	
vs.	In Equity.
The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.	April Sessions, 1895. No. 9.

Now come again all the parties, by their respective solicitors, and come also the purchasers, Charles H Coster and Francis Lynde Stetson, and there came on to be heard the petition of the said purchasers that the report of The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, filed the twenty-third day of September, 1896, should be approved, and that there should be confirmed and made absolute the sale to the said purchasers that day made by the said trustee, all as set forth in the said report of sale that day filed.

And it having heretofore been ordered and decreed that the said petitions and motions for confirmation be set down for hearing in the Circuit Court of the United States for the Eastern District of Pennsylvania, at this place and time, and a copy of such order having been duly published for at least one week preceding this date, in each of the daily newspapers in the city of Philadelphia in which was published the trustee's notice of sale herein.

And it appearing by the report of said trustee, so filed as aforesaid, that it has fully complied with the directions in said decree as to the sale of all and singular the mortgaged and pledged property by said decree adjudged to be subject to the General Mortgage and by said decree directed to be sold, such property constituting the first parcel, the second parcel and the third parcel respectively mentioned in said decree, and that such purchasers, Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, were the highest and best bidders for all such railroads, property, rights, privileges and franchises sold in three separate parcels as provided in said decree, and that the said three parcels were respectively struck off to the said purchasers as joint tenants, and not as tenants in common, for the following sums and upon the following terms, to wit:—

THE FIRST PARCEL for the sum of $7,500,000; subject, however, as to the portions thereof covered thereby, to the lien of certain mortgages executed by The Philadelphia and Reading Railroad Company to secure bonds which were outstanding January 3d, 1888, for the aggregate principal sum of $42,785,173.85.

THE SECOND PARCEL for the sum of $7,500,000; subject, however, as to any portion thereof covered thereby, to the lien of certain mortgages by The Philadelphia and Reading Coal and Iron Company to secure obligations to an aggregate principal amount of $12,500,000.

THE THIRD PARCEL for the sum of $1,000,000.

And all such sales having been made also subject to the terms, conditions, reservations and obligations in the decree of sale heretofore made herein, including those therein described in respect of (*a*) the Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Com-

pany, including the Receivers' agreement with the City of Philadelphia concerning the Pennsylvania Avenue Subway, of which notice was given at the sale; (*b*) the certificates of the said Receivers; (*c*) claims against the said Receivers; (*d*) claims against the said Railroad Company or against the said Coal and Iron Company for unpaid indebtedness or liabilities contracted or incurred by such company in the operation of the mortgaged property prior to the appointment of the Receivers, and which may be adjudged prior in lien or superior in equity to said General Mortgage; (*e*) the Philadelphia, Reading and New England Railroad Company and the holders of its bonds and shares.

And it further appearing by such trustee's report, and by the said petition of the said purchasers, that the said purchasers have made the payments thus far obligatory upon them, and have delivered over to the Special Master, for and on account of the bids, and in payment thereon, bonds secured by said General Mortgage (such bonds having all the unpaid coupons thereto attached) as follows, to wit:—

For and on account of their bid for the said first parcel, $1,000,000 of such bonds.

For and on account of their bid for the said second parcel, $1,000,000 of such bonds.

For and on account of their bid for the said third parcel, $1,000,000 of such bonds.

And it further appearing by their statement in open court that the said purchasers are now the owners and holders of other bonds secured by said General Mortgage to an amount exceeding $42,000,000 principal.

And no sufficient cause being shown against the report of the trustee or the granting of the petition of the said purchasers:

Now, on motion of John G. Johnson, Frederick W. Whitridge and George L. Rives, solicitors for the complainant, and of Francis Lynde Stetson, solicitor, and George F. Baer, of counsel for the purchasers, all the other parties to the records appearing by counsel, and

all consenting that the said motion for confirmation of said sale and of the said report of said trustee made thereon may be now heard and determined, and all questions thereunder adjudicated.

It is hereby ordered, adjudged and decreed as follows, to wit:—

1. The said report of The Pennsylvania Company for Insurances on Lives and Granting Annuties, the trustee, is in all things approved, and the respective sales by it made to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, of all and singular the mortgaged and pledged property of every description of said The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire mortgaged and pledged property of every description of said The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire property pledged to the complainant by the reconstruction trustees, as set forth in the bill of complaint in this cause, constituting the first parcel, the second parcel and the third parcel respectively, designated in the decree of foreclosure and sale made and entered on the first day of May, 1896:

At the sum of $7,500,000 for said first parcel;

At the sum of $7,500,000 for said second parcel; and

At the sum of $1,000,000 for said third parcel;

be and the same are respectively in all things ratified, approved and confirmed, and made absolute.

Subject, however, to all equities reserved, and to all and singular the terms and conditions of purchase as recited in such decrees, which terms and conditions, by reference thereto, are hereby incorporated in this decree with the same force and effect as though set forth at length, and subject to the payment of their proportionate part of the purchase price, which is hereby required to be paid by the purchasers or by their assigns when and as requested

respectively by the several holders of bonds or coupons secured by said General Mortgage not turned in by the purchasers, and also subject to the further terms and provisions hereinafter contained.

And this court expressly reserves and retains jurisdiction of this cause, and power to enforce all the provisions of said decrees and of this decree, including the right to retake and resell any of the said three parcels thereof, in said former decree designated as the first parcel, the second parcel or the third parcel, in case said purchasers or their assigns shall fail to comply with any order of this court in respect of the payment of any of the prior indebtedness, obligations or liabilities required in said decrees, or in respect of any other of the terms or conditions of the said decree or of this decree within thirty days after the entry of such order.

And it further appearing that the said purchasers own and are prepared to deliver to the trustee, to be canceled or credited, as provided in said decree, on account of the respective bids of the said purchasers, additional bonds and coupons of The Philadelphia and Reading Coal and Iron Company secured by the said General Mortgage, dated January 3d, 1888, to an aggregate amount exceeding $8,500,000 of said General Mortgage bonds, with all unpaid coupons thereto attached, and exceeding $33,500,000 of said General Mortgage bonds, with all coupons maturing on or after July 1st, 1896, thereto attached, making with the other of said General Mortgage bonds deposited as aforesaid at the time of the acceptance of their bid at least $45,000,000 of said General Mortgage bonds in all.

Now, therefore, it is further ordered and decreed, That upon the delivery and tender of such bonds secured by the said General Mortgage, or of any other of such bonds or claims for interest so secured, by the purchasers to the trustee for the purpose of having credited thereon such sum as shall be payable to the purchasers as holders thereof out of the net proceeds of such sale, as their just

share of such net proceeds, after allowing for the proportion of the payment of the purchase price required to be paid in cash, the trustee be and it is hereby authorized to sign, seal, execute and deliver a deed or deeds of conveyance to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, or to their assigns, conveying to them all and singular the said three parcels, being the entire mortgaged and pledged property of every description of said The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire mortgaged and pledged property of every description of said The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers from the operation thereof, and the entire property pledged to the complainant by the reconstruction trustees as set forth in the bill of complaint in this cause, so as aforesaid sold under said decree as the first parcel, the second parcel and the third parcel, together with all property, real and personal, of every character and description, or any beneficial interest therein, acquired by the Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of either of the two parcels designated as the first parcel and the second parcel, or pertaining thereto, or to which, or to any beneficial interest in which, they are or may become entitled, including all income, proceeds of income, bills and accounts receivable, cash, materials, supplies and other property received by the said Receivers in the management or operation of said parcels or pertaining thereto, and any and all property appurtenant to said parcels or pertaining thereto and acquired for use in connection with or for the purposes of such parcels or the business of said Railroad Company or of said Coal and Iron Company or in connection therewith, invested in or standing in the name of said Receivers, or to which said Receivers in any manner shall have acquired title, at the

time of delivery to the purchasers of such parcel; all equipment and all coal in possession of said Receivers at the time of the delivery of such parcel to be delivered as part of and in connection with the parcel in respect of which it shall have been acquired or received by the said Receivers.

Subject, however, and upon the express condition, that to the extent that the assets or the proceeds of assets in the Receivers' hands shall be insufficient, such purchasers, or their assigns, shall pay, satisfy and discharge (*a*) any unpaid compensation which shall be allowed by the court to the Receivers; (*b*) any indebtedness, obligations or liabilities which shall have been duly contracted or incurred by the Receivers before delivery of possession of the property sold; and (*c*) also any unpaid indebtedness or liability contracted or incurred by defendants The Philadelphia and Reading Railroad Company or The Philadelphia and Reading Coal and Iron Company in the operation of the mortgaged property prior to the appointment of the Receivers, and which is prior in lien or superior in equity to said General Mortgage, except such as shall be paid or satisfied out of the income of the property in the hands of the Receivers or out of the assets or out of the proceeds of assets in their hands upon the court adjudging the same to be prior in lien or superior in equity to said mortgage and directing payment thereof, all payments for any such purpose made by the purchaser in advance of the final accounting and discharge of the Receivers to be treated as advances and subject to final adjustment upon such accounting: *Provided, however*, That upon publication by the Special Master, when ordered by the court, as provided in said decree, of a notice requiring holders of any claims to present the same for allowance, any such claims which shall not be so presented or filed within the period of six months after the first publication of such notice shall not be enforceable against the property sold or against the purchaser, its successors or assigns.

And subject also to the payment by said grantees, their

successors or assigns of such sums in cash as may be required in order to pay all costs and expenses of the sale, the compensation of the trustee, and all charges, compensations, allowances and disbursements payable out of the purchase price bid for the premises, as the same shall be fixed and allowed by the court.

Such deed shall be substantially in the form of the proposed deed of conveyance, of which a copy is herewith filed, the same being hereby approved; and in order to facilitate the recording thereof, six originals of such deed may be executed, acknowledged and delivered by the said trustee, all or any one or more of which may be recorded, and each of which, when executed, acknowledged and delivered, shall be deemed an original, and all collectively but one instrument.

It is further ordered and decreed, That such conveyance shall provide that the purchasers, or their assigns, shall have the right, within ninety days after the completion of the sale and delivery of the deed, to elect whether or not to assume or adopt any of the leases and contracts sold with the said first parcel or the said second parcel they shall elect to accept and assume, and neither such purchasers, nor their assigns, shall be held to have accepted or to have assumed any such leases or contracts which they shall so elect not to accept or assume.

On exhibition of the deed executed and delivered by the trustee as herein ordered, and upon the written request of the grantee thereunder, the Receivers of this court are authorized, directed and required to let the said purchasers and their assigns into possession of the premises conveyed; and the Receivers, or any party in this cause having possession thereof, shall deliver such property over to the purchasers or their assigns, together with any and all income, proceeds of income, bills and accounts receivable, cash, and other property acquired, received by the Receivers in the management or operation of the mortgaged premises to be embraced in the conveyance thereof or pertaining thereto, and also any and all

property appurtenant to the premises and required for use in connection with or for the purposes or business of said companies invested in or standing in the name of the said Receivers, or to which the said Receivers in any manner have acquired title.

And it is further ordered and decreed, That the Receivers of this court also shall make conveyances to the said purchasers, their successors or assigns, as required by said decrees.

It is further ordered and decreed, That by way of further assurance and confirmation of title to such purchasers or their assigns, the said Philadelphia and Reading Railroad Company and the said Philadelphia and Reading Coal and Iron Company, mortgagors, each by its proper officers and under its corporate seal, shall, upon request of said purchasers or their assigns, join in said deeds to be executed by the Trustee, or if so requested shall sign, seal, execute acknowledge and deliver to such purchasers, or to their assigns, separate deeds of conveyance, transfer, release and further assurance of all the railroad, property and franchises sold under the decree of this court, so as fully and completely to transfer to and invest in the said purchasers and their assigns the full legal and equitable title to all such railroad, property and franchises hereby sold or intended to be sold.

And it appearing by their said petition that the said purchasers have purchased the one hundred and sixty thousand shares of the capital stock of The Philadelphia and Reading Coal and Iron Company sold by the trustee, and that, therefore, they are interested in the preservation of the corporate existence of that company, it is further ordered and decreed that neither of said decrees, nor said sale, nor any conveyance thereon, shall be construed as in any manner or to any extent affecting or divesting the corporate rights, privileges, appurtenances or franchises of said Coal and Iron Company.

The court reserves full power, notwithstanding such conveyance and delivery of possession, to retake and resell

the property this day confirmed to such purchasers if they, or their assigns, shall fail or neglect fully to complete such purchase and comply with the orders of court in respect to full compliance therewith, or to pay into court, in accordance with such decrees of sale and orders of court, all sums of money hereafter ordered by the court to be paid to discharge any unpaid compensation which shall be allowed by the court to the complainant or to the Receivers, and any indebtedness and obligations or liabilities which shall have been contracted or incurred by the Receivers before delivery of the possession of the property sold, whether or not represented by certificates, and also any and all such debts liens or claims as it may decree ought to be paid out of the proceeds of sale in preference to the mortgage herein foreclosed; and also any and all sums which shall be due and payable to other holders of such General Mortgage bonds not turned in by the purchasers as their proportionate part of the purchase price.

The trustee shall deposit the cash paid to it by the purchasers with any national bank or any trust company in the city of Philadelphia or the city of New York, to abide the further order of the court herein, and shall deposit to its order with the Central Trust Company of New York all the bonds and coupons delivered by the purchasers, so that the same may be stamped with the credit or payment on account thereof upon such bid after the amount thereof shall be adjudged by the court, such bonds, coupons and scrip thereafter to be returned to the said purchasers.

It is further ordered and decreed, That until Frederick P. Olcott and others, a committee, parties of the second part to a certain agreement dated November 1st, 1894, made with The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and the said Receivers, pursuant to the order of this court made herein October 29th, 1894, or the successors or assigns of the said committee, shall have

been fully repaid all moneys by them advanced for the purchase of coupons and interest upon General Mortgage bonds, with interest and commissions as provided in said agreement, the said committee or its successors or assigns, holders of such coupons or claims for interest, shall retain and preserve, and may assert against the proceeds of the mortgaged premises so sold as aforesaid all rights and liens in respect of such coupons and interest claims under the provisions of General Mortgage or of said agreement of November 1st, 1894, anything in said decree of May 1st, 1896, or in any proceedings subsequent thereto or in this decree to the contrary notwithstanding.

It is further ordered and decreed, That any and every obligation on account of their purchase may, by the said purchasers, be transferred to any corporation by them adopted to take over property of the said The Philadelphia and Reading Railroad Company, and upon such transfer to and acceptance thereof by such corporation the purchasers shall be discharged from all obligation or liability on account of such purchase, or under the provisions of the said decree of May 1st, 1896, or of this decree.

(Signed) M. W. ACHESON,
Circuit Judge.

OCTOBER 3d, 1896.

DEED.

THE PENNSYLVANIA COMPANY FOR INSURANCES ON LIVES AND GRANTING ANNUITIES, AS TRUSTEE,

TO

CHARLES H. COSTER AND FRANCIS LYNDE STETSON.

Dated October 23d, 1896.

AN INDENTURE, Made this twenty-third day of October, in the year one thousand eight hundred and ninety-six, between *The Pennsylvania Company for Insurances on Lives and Granting Annuities*, as trustee, as hereinafter described, party of the first part, and *Charles Henry Coster* and *Francis Lynde Stetson*, both of the city, county and State of New York, as joint tenants, and not as tenants in common, parties of the second part.

WHEREAS, Upon or about the third day of January, 1888, in pursuance of powers duly conferred by its stockholders and it managers, The Philadelphia and Reading Railroad Company, a corporation duly created by and existing under the laws of the State of Pennsylvania, duly made, executed and delivered to The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, its certain mortgage or deed of trust, called the General Mortgage, bearing date the third day of January, 1888, and thereby conveyed to said The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, and to its successor or successors in the trust, all the railroad of said The Philadelphia and Reading Railroad Company, and other property, railroads and franchises in said General Mortgage more specifically described;

AND WHEREAS, Upon or about the same day The Philadelphia and Reading Coal and Iron Company, a corpora-

tion also created by and existing under the laws of the State of Pennsylvania, for the better securing of the payment of the principal and interest of the bonds of The Philadelphia and Reading Railroad Company secured by said General Mortgage did, in pursuance of resolutions duly adopted by its stockholders and by its board of directors, join in said General Mortgage, and did thereby convey to The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, all the coal lands, coal leases, iron-ore lands, furnace properties and other real estate in the said General Mortgage more specifically described, which mortgage was duly recorded in the proper offices;

And Whereas, The Philadelphia and Reading Railroad Company having made default in the payment of interest which became due on the bonds secured by said General Mortgage, such proceedings were had in a certain cause pending in the Circuit Court of the United States for the Eastern District of Pennsylvania, wherein The Pennsylvania Company for Insurances on Lives and Granting Annuities was complainant, and The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were defendants, that a certain decree of foreclosure and sale was, on the first day of May, 1896, entered in said court, wherein and whereby it was adjudged and decreed that The Philadelphia and Reading Railroad Company pay or cause to be paid, within twenty days after the entry of said decree, certain amounts therein found to be due under said General Mortgage, and that in default of such payment by said defendant The Philadelphia and Reading Railroad Company, or by any one claiming under it, or by any one for its account, or of payment by The Philadelphia and Reading Coal and Iron Company, or by any one claiming under it, or by any one for its account, the property, premises and franchises of every description described in said General Mortgage, or by said decree adjudged to have become subject thereto

(except the property sold since the date of said mortgage under the powers therein reserved), should be sold as provided in said decree;

And Whereas, Neither The Philadelphia and Reading Railroad Company nor The Philadelphia and Reading Coal and Iron Company, nor any one claiming under them or either of them, nor any one for the account of them or either of them, made payment of the said sums or any part thereof within twenty days after the entry of such decree;

And Whereas, In and by said decree it was provided and directed that the sale therein provided for might and should be made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under the said General Mortgage, and that said trustee, on an order confirming such sale, and upon payment or settlement of the purchase price bid, as in said decree provided, should grant and convey the property sold to the purchaser or purchasers, freed from all and every the trusts by the General Mortgage created, and without liability on the part of such purchaser or purchasers to see to the application of the purchase money, and should execute and deliver a proper deed or deeds of conveyance thereof;

And Whereas, The party of the first part hereto, as trustee, and in pursuance of such decree, on the twenty-third day of September, 1896, at the place in said decree specified, to wit, upon the premises sold, at the old station of The Philadelpha and Reading Railroad Company, on Callowhill Street between Thirteenth Street and Broad Street, in the city of Philadelphia, in the State of Pennsylvania, did duly sell, at public auction, to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, the parties of the second part hereto, they being the highest and best bidders at such sale, all and singular the premises

hereinafter described, the same being the first parcel, the second parcel and the third parcel in said decree mentioned and directed to be sold, at and for the sum of $7,500,000 for the first parcel, $7,500,000 for the second parcel and $1,000,000 for the third parcel, due notice of the time and place of such sale having been given pursuant to said decree and according to law, and the said decree having been complied with in all things relating to the said sale;

And Whereas, Thereupon the said party of the first part, trustee as aforesaid, upon September 23d, 1896, did duly make and file its report of the said sale to the said Circuit Court of the United States for the Eastern District of Pennsylvania, which said report and the sale therein reported, upon due notice to all parties, were by decree of the said court duly confirmed upon October 3d, 1896;

And Whereas, In and by said last-mentioned decree confirming said sale the party of the first part, as such trustee, was ordered and directed to sign, seal, execute and deliver a deed or deeds of conveyance to the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, the parties of the second part hereto, purchasers as aforesaid, conveying to them all and singular the railroads, franchises, stocks, bonds and other property hereinafter described, upon payment or settlement by them of the purchase price bid, as provided in said decree;

And Whereas, The form of this deed was submitted to the said court and filed, and was approved in and by said decree confirming said sale;

Now, Therefore, this Indenture Witnesseth, That the said The Pennsylvania Company for Insurances on Lives and Granting Annuities, party of the first part to these presents, as trustee under the said General Mortgage, and in pursuance of the said decree, and in the exercise of all powers thereof and thereunder or in said Gen-

eral Mortgage contained, and in order to carry into effect the sale by it made as aforesaid to the parties of the second part, and in consideration of the premises and of the sums so as aforesaid paid or provided by the said parties of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold aliened, remised, released, conveyed and confirmed, and by these presents doth grant, bargain, sell, assign, alien, release, convey and confirm, unto the said Charles H. Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, parties of the second part hereto, and to the survivor of them, and to the heirs and assigns of the survivor, forever:—

All and singular the entire mortgaged and pledged property of every description of The Philadelphia and Reading Railroad Company, including all property and credits acquired by the Receivers thereof from the operation thereof, and the entire mortgaged and pledged property of every description of The Philadelphia and Reading Coal and Iron Company, including all property and credits acquired by the Receivers thereof from the operation thereof, and the entire property in said General Mortgage pledged to the trustees thereunder, The Pennsylvania Company for Insurances on Lives and Granting Annuities, by the reconstruction trustees, as set forth in said General Mortgage, severally and respectively in each case as a whole, and as directed in said decree, and therein and thereby authorized and provided to be sold as the first parcel, the second parcel and the third parcel therein mentioned, the same being described as follows:—

THE FIRST PARCEL.

THE FOLLOWING PROPERTY OF THE PHILADELPHIA AND READING RAILROAD COMPANY:—

I.

The following lines of railroads and other property of said Railroad Company, to wit:—

The Main Line, the Lebanon Valley Branch, the Lebanon and Tremont Branch, the Mahanoy and Shamokin Branch, the Mount Carbon Branch, the Schuylkill and Susquehanna Branch, the Port Kennedy Branch, the West Reading Branch, the Moselem Branch;

The leasehold interest in the Philadelphia, Germantown and Norristown Railroad;

The leasehold interest in the Chestnut Hill Railroad;

The leasehold interest in the Plymouth Railroad;

The leasehold interest in the Colebrookdale Railroad;

The leasehold interest in the East Pennsylvania Railroad;

The leasehold interest in the East Mahanoy Railroad Company and the Little Schuylkill Navigation Railroad and Coal Company;

The leasehold interest in the Schuylkill Valley Navigation and Railroad Company;

The leasehold interest in the Mill Creek and Mine Hill Navigation and Railroad Company;

The leasehold interest in the Mount Carbon and Port Carbon Railroad;

The leasehold interest in the Mine Hill and Schuylkill Haven Railroad;

The leasehold interest in the canal and navigation works of the president, managers and company of the Schuylkill Navigation Company;

The leasehold interest in the canal and navigation works of the Susquehanna Canal Company;

The leasehold interest in the railroad of the Catawissa Railroad Company;

The leasehold interest in the railroad of the Pickering Valley Railroad Company;

The leasehold interest in the railroad known as the Philadelphia and Chester Branch;

The leasehold interest in the main line of the railroad of the North Pennsylvania Railroad Company, and the branches thereof known as the Delaware River Branch and the Doylestown Branch;

The leasehold interest in the railroad of the Delaware

and Bound Brook Railroad Company, together with the branch known as the Trenton Branch;

The leasehold interest in the Schuylkill and Lehigh Railroad;

The leasehold interest in the Shamokin, Sunbury and Lewisburg Railroad;

And all real estate of said Railroad Company wherever situated owned by it at the date of the execution of said General Mortgage or by it thereafter in any manner acquired, or held for its benefit or in trust for it; all other railroads then owned or thereafter constructed or acquired by purchase, merger, or in any manner whatever by said Railroad Company; all other leasehold estates in any other railroads at any time after the execution of said General Mortgage acquired by lease, assignment, or in any manner whatsoever by said Railroad Company; all branches, extensions, sidings and turnouts of all the said railroads and each of them; all advances made by said Railroad Company in the operation by it of the leased railroads forming part of the mortgaged property so far as the same are repayable, and all right and claim to the repayment thereof; all lands, rights of way, rails, bridges, wharves, fences, workshops, machinery, stations, offices, depots, depot grounds, engine houses, buildings, improvements, tenements and hereditaments; all locomotives, tenders, passenger cars, baggage cars, freight cars, coal cars and all other engines, cars, carriages and rolling stock, tools, implements, materials and supplies; and all steam colliers, ships, vessels, canal boats and barges owned by said Railroad Company at the date of the execution of said General Mortgage, or by it thereafter at any time acquired; all and singular the tolls, rents, revenues, issues, profits and income of the Railroad Company derived from said railroads, canals and other property; all corporate and other rights, privileges, appurtenances and franchises of said Railroad Company, or connected with or relating to said mortgaged premises then owned by it or thereafter acquired; all the streets, ways, alleys, passages, waters, water courses, easements, rights,

liberties, privileges, hereditaments and appurtenances whatsoever unto any of said mortgaged premises and estates belonging or appertaining; and all the estate, right, title, interest, property, claim and demand of every nature and kind whatsoever of the Railroad Company, as well at law as in equity, of, in and to the same and every part and parcel thereof;

Excepting, however, any property heretofore sold or conveyed by said railroad company under the powers reserved in said General Mortgage, but including all cash and securities by the trustee received and held in consideration of its release of any such property.

II.

One hundred and sixty thousand shares of the par value of fifty dollars each in the capital stock of The Philadelphia and Reading Coal and Iron Company.

III.

All shares and bonds of lines leased or controlled by The Philadelphia and Reading Railroad Company deposited with the undersigned as trustee under the said General Mortgage of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated January 3d, 1888, for which General Mortgage bonds have, under the terms of said General Mortgage, been issued, including the following:—

(1.) $192,340.47 of the mortgage loans of the Schuylkill Navigation Company, commonly known as Loans of 1872–1897.

(2.) $91,317.67 of the mortgage loans of the Schuylkill Navigation Company, commonly known as Loans of 1882–1907.

(3.) $119,000 of the loans of the Schuylkill Navigation Company, commonly known as the Loans of 1895.

(4.) $13,500 of the loan of the Schuylkill Navigation Company, commonly known as the Improvement Loan.

(5.) $71,150 of the boat and car loans of the Schuylkill Navigation Company.

(6.) $64,300 in the preferred stock of the Schuylkill Navigation Company.

(7.) $20,800 in the common stock of the Schuylkill Navigation Company.

(8.) The following securities and stocks of the Susquehanna Canal Company:—

First mortgage preferred	$227,000 00
First mortgage priority	96,810 58
Third mortgage six per cent	1,316,376 52
Fourth mortgage seven per cent	238,000 00
Stock	1,970,973 84

(9.) $239,300 in the first mortgage loan of the Pickering Valley Railroad Company.

(10.) $504,300 in the mortgage bonds of the Colebrookdale Railroad Company.

(11.) The following securities of the Catawissa Railroad Company:—

10 per cent. chattel mortgage bonds, 1868-1888	$98,450
5 per cent. chattel mortgage bonds, 1880	24,500
7 per cent. debenture bonds, 1917	62,000

Said first parcel being, however, subject, and reference is hereby made, to the terms, conditions, reservations and obligations in the said decree contained applicable to the said first parcel, and especially to the provision in said decrees that all claims and equities of the Philadelphia, Reading and New England Railroad Company and the holders of its bonds and shares be reserved for further consideration;

And subject also to the following prior liens and incumbrances, so far as they respectively attach to the premises thereby conveyed or any part thereof, viz.:—

Certain mortgages created by The Philadelphia and Reading Railroad Company to secure bonds, of which, at the execution of the said General Mortgage, there were outstanding the following amounts, to wit:—

6 per cent. £ mortgage loan, 1843-1910, coupon	$967,200 00
6 per cent. $ mortgage loan, 1843-1910, coupon	545,500 00
6 per cent. $ mortgage loan, 1844-80, coupon	1,000 00
6 per cent. $ mortgage loan, 1844-1910, coupon	795,000 00

6 per cent. $ mortgage loan, 1848-1910, coupon	$92,000 00
6 per cent. $ mortgage loan, 1849-1910, coupon	67,000 00
6 per cent. $ mortgage, convertible loan, 1857-86, coupon	79,000 00
5 per cent. $ mortgage, convertible loan, 1868-1893-1933	2,700,000 00
	$5,246,700 00

Consolidated mortgage loan, 1871–1911:

6 per cent. gold, $ or £, coupon	$6,999,000 00
6 per cent. gold, $, coupon	305,000 00
6 per cent. gold, $, registered	858,000 00
7 per cent. gold, $, registered	3,339,000 00
7 per cent. gold, $, coupon	7,310,000 00
	$18,811,000 00

Improvement mortgage loan, 1873–97:

6 per cent. gold, $ or £, coupon	$9,364,000 00

Income mortgage loan, 1876–96:

7 per cent., $	1,000 00

Consolidated mortgage loan, 1882–1922, first series:

5 per cent. gold, $	5,767,042 00

Consolidated mortgage loan, 1883–1933, second series:

5 per cent. gold, $	1,535 00
	$15,133,577 00

Bonds and mortgages outstanding at or subsequent to 3d January, 1888:

(*a*) On real estate and ground rents	$1,609,563 51	
(*b*) On Delaware Terminals	1,922,000 00	
		3,598,896 85
		$18,732,473 85
		$42,790,173 85

THE SECOND PARCEL.

THE FOLLOWING PROPERTY OF THE PHILADELPHIA AND READING COAL AND IRON COMPANY:—

I.

The following coal lands, coal leases, iron-ore lands, furnace properties and other real estate:—

COAL LANDS.

No. 1. Trevorton estate.
2. Associate lands.
3. Zimmerman and Heller tracts.
4. John Boyd tract.
5. Shamokin and Bear Valley tracts.
6. M. E. Leverson tract.
7. William M. Rockafeller tract.
8. Big Mountain lands.
9. Wetherill, Gray, Cleaver, and Brady tracts.
10. Preston Miller survey.
11. Bittenbender lands.
12. George Schall tract.
13. McIntyre lands.
14. William Sheed tract.
15. Helfenstein lands.
16. Locust Mountain Summit Improvement Company lands.
17. Samuel Morgan tract.
18. Mount Carmel Coal and Iron Company lands.
19. Mount Carmel and Locust Mountain Coal Company lands.
20. Locust Dale estate.
21. Ashland estate.
22. Fountain Springs tract.
23. Necho Allen tract.
24. Locust Mountain tract.
25. William Jones tract.
26. Philadelphia and Mahanoy lands.
27. James McNeal tract.
28. Taggart tract.
29. Neifert tract.
30. Sheafer tract.
31. Kear and Patterson lands.
32. Ely and Richle tract.
33. Andrew Love tract.
34. Summit lands.
35. Tamaqua lands.
36. Coal Hill estate.
37. Wood and Abbot tract.
38. Guiterman or Tuscarora tract.
39. Glentworth tract.
40. Eagle Hill tract.
41. Mary Patterson tract.
42. Valley Furnace lands.
43. Lewis tracts.
44. Ravensdale tract.
45. Dilcamp tract.

46. Lee lands.
47. Repp and Keim tracts.
48. Repp's heirs' tract.
49. Saw Mill tract.
50. St. Clair tract.
51. Ellmaker tract.
52. Flowery Field tract.
53. West Flowery Field tract.
54. Mount Laffee tract.
55. Oak Hill tract.
56. Duncan lands.
57. Houston or Russell tract.
58. Coit tract.
59. Samuel Heffner tract.
60. Minersville tract.
61. Minersville Coal Reserve.
62. Carey and Hart tract.
63. Jemmy Laing tract.
64. Diamond tract.
65. Gettle and Wagner lands.
66. Manhattan lands.
67. Catharine Groh tract.
68. Hammer and Hoy tract.
69. Phœnix Park tract.
70. Hughes and Langton tract.
71. Llewellyn tract.
72. Salem lands.
73. Little Klauser tract.
74. Reed tract.
75. Hartman and Myer tract.
76. Little Schall tract.
77. Big Schall tract.
78. Gunkel and Branham tracts.
79. Farquhar lands.
80. Green lands.
81. Swatara lands.
82. Schuylkill and Dauphin Improvement and Railroad Company lands.
83. Tower Meconkey *et al.* lands.
84. Francis Spatzer tract.
85. One-eighth of Joseph S. Silver tract.
86. Henry Houtz tract.
87. Alexander Klinger tract.
88. Philip Kunzleman tract.
89. Forbes and Delano lands.
90. Leonard Illig tract.
91. Peter Levengood tract.
92. Munson and Williams lands.
93. Keffer tract.
94. Fishing Creek tract (north).
95. Fishing Creek tract (south).
96. Michael Seltzer tract.
97. Schuylkill and Susquehanna lands.
98. Peter Kessler tract.

Coal Leases.

99. Lease from the Preston Coal and Improvement Company.
100. Lease from the Delaware Coal Company.

101. Lease from the Mammoth Vein Coal and Iron Company.
102. Lease from the Tremont Coal Company.
103. Lease of Green tract.
104. Lease of Henry Miller and Sarah Moore tracts.
105. Lease of Conrad Mertz tract.
106. Lease of Hepburn tract.
107. Lease of one-fourth of Bernard Hubley tract.
108. Lease of part of Andrew Lytle tract.
109. Lease of one-eighth of the Alexander Klinger tract.
110. Lease of one-half of Kinnear, Meyer, and Spaetzer tracts.
111. Lease of Nancy Kinnear tract.
112. Lease of Flowery Field, Saw Mill and Ellmaker tracts and Lee lands.
113. Lease of West Bear Ridge Colliery.
114. Lease of East Bear Ridge Colliery.
115. Lease of Henry Clay Colliery.
116. Lease of Peerless Colliery.
117. Lease of Buck Ridge Colliery.
118. Lease of Girard, Mammoth and Cuyler Collieries.
119. Lease of Union, or North Ashland, Colliery.
120. Lease of Hammond and Conner Collieries.
121. Lease of Girard Colliery.

Iron-Ore Lands.

122. Putnam Valley, New York, lands.
123. Putnam County, New York, ore lands.
124. Nelson County, Virginia, iron-ore lands.
125. Nelson and Amherst Counties, Virginia, iron-ore lands.
126. Albermarle County, Virginia, iron-ore lands.
127. Seasholtzville, Pa., land.
128. Big Pond, Pa., estate.
129. Boiling Spring lease, Pennsylvania.
130. Heim and Vanasdlen lands.

Furnace Properties.

131. Bechtelsville.
132. Swede.
133. Kutztown.
134. East Penn.
135. Emaus.
136. St. Clair.
137. Ringgold.
138. Monocacy.
139. Port Carbon Furnace and Rolling Mill.
140. Powhatan Furnace, Virginia.

Other Real Estate.

141. Office building and lot, Pottsville.
142. Acre lot, Branch Township.
143. Tower City lands.
144. Lot of ground, Chestnut Street, Reading.
146. Adams Street Depot, Brooklyn, N. Y.
147. Twenty-ninth Street Depot (leasehold), New York City
148. New Bedford Depot, Massachusetts.

149. Newburyport Depot, Massachusetts.
150. Salem Depot (leasehold), Massachusetts.
151. Pottsville shops.
152. Bellefonte lots.
153. Surface—Town of Locust Dale.
154. Surface—Ashland.
155. Hegins Township lot.
156. Port Carbon lots.
157. Berks County lands.
158. Lot at Preston.
159. Various Schuylkill County lands.
160. Cameron Township lands.

And all other real estate of said Coal and Iron Company wherever situated by it owned at the date of the execution of said General Mortgage, or thereafter in any manner acquired or held for its benefit or in trust for it; all railroads and all branches, extensions, sidings and turnouts of any railroad then belonging to said Coal and Iron Company, or thereafter constructed, or in any manner acquired by it; all lands, coal leases, iron-ore leases, mines, collieries, breakers, engines, workshops, machinery, offices, buildings, improvements, tenements and hereditaments then owned by it or by it thereafter in any manner acquired or for its benefit or in trust for it; all yards, depots and wharves, including all right, title and interest of the said Philadelphia and Reading Coal and Iron Company or the Receivers thereof in the several yards, depots and wharves held under lease respectively from the several following lessors: Estate James H. Rogers, Milwaukee; estate J. H. & H. J. Pauley, Milwaukee; Metropolitan Trust Company, Minneapolis; St. Anthony Falls Water Power Company, George L. & M. S. Stabler, F. C. Griswold, Minneapolis; C. E. Henderson and wife and W. C. Sargent, Duluth; Dennis Ryan, estate William Lindeke, Great Northern Railway Company, St. Paul; John Plankinton estate, Milwaukee; Baltimore and Ohio Railroad Company; W. B. Howard and wife; Israel Gauthier; W. S. North; Illinois Central Railroad Company; Culberson & Blair Packing and Provision Company; Shephard Brooks, Chicago; J. W. Whitney and C. W. Fisk and Samuel Wilder, Rochester; Eastern Railway Company, West Superior; Boston and Maine

Railroad Company, Mystic Wharf, Boston; and all locomotives, tenders, coal cars, carriages and all other engines, cars, rolling stock, tools, implements, horses, mules and materials; and all corporate and other rights, privileges, appurtenances and franchises of said Coal and Iron Company, or connected with or relating to the said lands, coal or iron mines, railroad or other premises, or any of them, owned by said Coal and Iron Company at the date of the execution of said General Mortgage, or by it at any time thereafter constructed or acquired; all and singular the tolls, rents, revenues, issues, profits and income of the Coal and Iron Company derived from said railroad, canals, coal or iron mines, and other property; and all streets, ways, alleys, passages, waters, water courses, easements, rights, liberties, privileges, hereditaments and appurtenances whatever unto any of the said mortgaged premises and estates belonging or appertaining; and all the estate, right, title, interest, property, claim and demand of every nature and kind whatsoever of the Coal and Iron Company, as well at law as in equity, of, in and to the same and every part and parcel thereof, but not the franchise of the said The Philadelphia and Reading Coal and Iron Company to be a corporation with all the rights, privileges and franchises on it conferred by law, all of which, notwithstanding these proceedings and this conveyance, are by it retained and preserved unimpaired.

Excepting, however, any property heretofore conveyed or transferred under the powers reserved in said General Mortgage, but including all cash and securities by the trustee received and held in consideration of its release of any such property.

II.

The following shares of the capital stock of other corporations owned by said Coal and Iron Company, but subject to a prior pledge thereof by it to The Philadelphia and Reading Railroad Company under a mortgage dated July 1st, 1874, viz.:—

Name of Company.	No. of Shares.
Preston Coal and Improvement Company	56,683
Fulton Coal Company	63,537
Locust Gap Improvement Company	50,522
Tremont Coal Company	118,354
Mammoth Vein Coal and Iron Company	59,727
Delaware Coal Company	4,716

Said second parcel being, however, subject, and reference is hereby made, to the terms, conditions, reservations and obligations in the said decrees contained applicable to the said second parcel:

And subject, also, so far as practicable to the same or to parts thereof, to certain mortgages or liens given or created by The Philadelphia and Reading Coal and Iron Company to secure obligations to an aggregate principal amount of $12,500,000, as shown by the report of the Special Master filed herein.

THE THIRD PARCEL.

The following securities and stocks pledged as security for said General Mortgage by certain Reconstruction Trustees of The Philadelphia and Reading Railroad Company:—

I.

General Mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said Railroad Company, dated July 1st, 1874, to the Fidelity Insurance, Trust and Safe Deposit Company, trustee, $24,457,000.

Income mortgage bonds of The Philadelphia and Reading Railroad Company, secured by a mortgage of said Railroad Company, dated December 1st, 1876, to Edwin M. Lewis, trustee, $8,493,810.

First series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company,

secured by mortgage of said Railroad Company, dated August 26th, 1882, to The Pennsylvania Company for Insurances on Lives and Granting Annuities, of the city of Philadelphia, trustee, $184,606.

Second series five per cent. consolidated mortgage bonds of The Philadelphia and Reading Railroad Company, secured by said mortgage, dated August 26th, 1882, $6,131,404.

II.

(1.) $1,493,249.73 of the mortgage loans of the Schuylkill Navigation Company, commonly known as the Loans of 1872-1897.

(2.) $3,849,828.67 of the mortgage loans of the Schuylkill Navigation Company, commonly known as the Loans of 1882-1907.

(3.) $1,062,000 of the loan of the Schuylkill Navigation Company, commonly known as the Loan of 1895.

(4.) $214,500 of the loan of the Schuylkill Navigation Company, commonly known as the Improvement Loan.

(5.) $669,550 of the boat and car loan of the Schuylkill Navigation Company, due in 1913.

(6.) $579,350 of the boat and car loan of the Schuylkill Navigation Company, due in 1915.

(7.) 64,580 shares of the preferred stock of the Schuylkill Navigation Company.

(8.) 12,554 shares of the common stock of the Schuylkill Navigation Company.

Said third parcel, however, is subject, and reference is hereby made, to the terms, conditions, reservations and obligations in the said decrees applicable to the said third parcel.

Together with all property, real and personal, of every character and description, or any beneficial interest therein, acquired by the Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of either of said two parcels or pertaining thereto, or to which, or to any bene-

ficial interest in which, they are or may become entitled, including all income, proceeds of income, bills and accounts receivable, cash, materials, supplies and other property, received by said Receivers in the management or operation of such parcel or pertaining thereto, and any and all property appurtenant to such parcel or pertaining thereto and acquired for use in connection with or for the purposes of such parcel or the business of said Railroad Company, or of said Coal and Iron Company in connection therewith, and vested in or standing in the name of the said Receivers, or to which said Receivers in any manner shall have acquired title, at the time of delivery to the purchasers of such parcel; all equipment and all coal in possession of said Receivers at the time of the delivery of such parcel to be delivered as part of and in connection with the parcel in respect of which it shall have been acquired or received by said Receivers.

Excepting, however, all such leases and contracts sold with the said first parcel or the said second parcel, as, within ninety days after the completion of the sale and the delivery of this deed, the parties of the second part shall elect not to assume or adopt.

To Have and to Hold, all and singular, the abovementioned railroads, franchises, stocks, bonds and other property hereby conveyed (other than the parcels thereof which within ninety days from the date of the delivery of this deed the parties of the second part may elect not to assume or adopt), unto the said parties of the second part, as joint tenants, and not as tenants in common, and to the survivor of them, and to the heirs and assigns of such survivor, forever.

Subject, however, to the express condition that to the extent that the assets or proceeds of assets in the Receivers' hands shall be insufficient, the parties of the second part, or their successors or assigns, shall pay, satisfy and discharge (*a*) any unpaid compensation which shall be allowed by the court to the Receivers; (*b*) any indebtedness, obligation or liabilities which shall have

been contracted or incurred by the Receivers before they shall have delivered possession of the property sold, whether or not represented by certificates; (*c*) and also any indebtedness or liability contracted or incurred by said defendants The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, or either of them, in the operation of the mortgaged property prior to the appointment of the Receivers which is prior in lien or superior in equity to said General Mortgage, and which shall not be paid or satisfied out of the income of the property in the hands of the Receivers or out of the assets or out of the proceeds of assets in their hands, upon the decree of the United States Circuit Court for the Eastern District of Pennsylvania, adjudging the same to be prior in lien or superior in equity to said General Mortgage and directing payment thereof; all payments for any such purpose made by the purchasers in advance of the final accounting and discharge of the Receivers to be treated as advances and subject to final adjustment on such accounting:

Provided, however, That upon publication by the Special Master, when ordered by said court, as provided in said decree, of a notice requiring holders of any claim to present the same for allowance, any such claims which shall not be so presented or filed within the period of six months after the first publication of such notice shall not be enforceable against the property sold or against the purchasers, their successors or assigns.

In order to facilitate the recording hereof, six originals of this deed have been executed, acknowledged and delivered by the party of the first part, all or any one or more of which may be recorded, and each of which, when executed, acknowledged and delivered, shall be deemed an original, and all collectively but one instrument.

In Witness Whereof, Said The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee as aforesaid, has caused these presents to be

signed by its president, and its corporate seal to be hereunto affixed, the day and year first above written.

THE PENNSYLVANIA COMPANY FOR INSURANCES ON LIVES AND GRANTING ANNUITIES, TRUSTEE,
By
N. H. PAUL,
President.

[L.S.]

Attest:

JOHN J. R. CRAVEN,
Secretary.

In presence of:

JOHN J. R. CRAVEN,
THOS. CRAVEN.

COMMONWEALTH OF PENNSYLVANIA,
CITY OF PHILADELPHIA, } *ss.*

On the twenty-third day of October, A. D. 1896, before me, the subscriber, a notary public for the Commonwealth of Pennsylvania, residing in the city of Philadelphia, personally appeared John J. R. Craven, secretary of the above-named The Pennsylvania Company for Insurances on Lives and Granting Annuities (he being one of the subscribing witnesses to the sealing and delivery of the above indenture), who, being by me duly sworn according to law, did depose and say that he was present at the execution of said indenture, and did see Henry N. Paul, the president of said corporation, affix the common or corporate seal of the said The Pennsylvania Company for Insurances on Lives and Granting Annuities thereto, and subscribe his name as president in attestation thereof; that the seal so affixed is the common or corporate seal of the said corporation, and that the said seal was so affixed and the said indenture was duly sealed and delivered by the said president as the act and deed of the said corporation, for the uses and purposes therein mentioned, in pursuance of a resolution of the board of directors, duly passed at a meeting thereof held the nineteenth day of October, A. D. 1896; that he saw Thomas Craven, the other subscribing witness, sign his name to the said indenture; and that the name of this deponent, subscribed to the said indenture as secretary of the said company, in attestation of the due execution and delivery of the said indenture, and also subscribed as a witness to the sealing and delivery thereof, are of his, this deponent's, own handwriting.

JOHN J. R. CRAVEN.

Sworn and subscribed before me. Witness my hand and notarial seal, the day and year aforesaid.

GEORGE HOUSE,
Notary Public.

[L.S.]

DEED.

THE PHILADELPHIA AND READING RAILROAD COMPANY

TO

CHARLES H. COSTER AND FRANCIS LYNDE STETSON.

October 23d, 1896.

THIS INDENTURE, Made this twenty-third day of October, in the year one thousand eight hundred and ninety-six, between *The Philadelphia and Reading Railroad Company*, party of the first part, and *Charles Henry Coster* and *Francis Lynde Stetson*, both of the city, county and State of New York, as joint tenants, and not as tenants in common, parties of the second part;

WHEREAS, The party of the first part duly made, executed and delivered to The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, its certain mortgage or deed of trust called the "General Mortgage," bearing date the third day of January, 1888, and thereby conveyed to said The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, and to its successors or successor in the trust, all the railroad of the said Philadelphia and Reading Railroad Company and other property, railroads and franchises in said General Mortgage specifically described;

AND WHEREAS, The party of the first part having made default in the payment of the interest which became due on the bonds secured by said General Mortgage, such proceedings were had in a certain cause pending in the Circuit Court of the United States for the Eastern District of Pennsylvania, wherein The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, was complainant, and The Philadelphia and

Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were defendants, that on the first day of May, 1896, a certain decree of foreclosure and sale was entered in said court, and by virtue of the powers given in the mortgage and said decree of foreclosure and sale, as by reference thereto will fully and at large appear, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, on the twenty-third day of September, 1896, at the place in said decree specified, to wit, upon the premises sold, at the old station of The Philadelphia and Reading Railroad Company, on Callowhill Street between Thirteenth Street and Broad Street, in the city of Philadelphia and in the State of Pennsylvania, did duly sell at public auction to the said Charles Henry Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, the parties of the second part hereto, all and singular the railroads, property, premises and franchises of every description described in said General Mortgage, or by the decree of the court in the aforesaid suit adjudged to have become subject thereto, excepting therefrom only the property sold since the date of the said mortgage under the powers therein reserved, and including the property and estate of The Philadelphia and Reading Coal and Iron Company in said mortgage described, at and for the sum of $16,000,000, which said sale was duly reported to the court, and after full hearing and notice to all parties, was by the decree of the said court duly and finally confirmed upon the third day of October, 1896;

And Whereas, The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee as aforesaid, in execution of the powers by said mortgage conferred and in compliance with the terms of the decree of said court, has made, signed, sealed, executed and delivered a deed of conveyance, bearing even date herewith, to the said Charles Henry Coster and Francis Lynde Stetson, parties of the second part, as joint tenants, and

not as tenants in common, conveying to them all and singular the railroads, franchises, stocks, bonds and other property in said deed fully described;

And Whereas, By the terms of said decree the party of the first part was directed, upon the request of the purchasers, to make and execute, acknowledge and deliver to the purchasers such deeds of conveyance, transfers, and releases by way of further assurance and confirmation of title to such purchasers or their assigns as might be necessary fully and completely to transfer to and invest in the said purchasers, parties of the second part, and their assigns the full legal and equitable title to all the railroads, property and franchises sold, or intended to be sold, by the said trustee in the foreclosure sale hereinbefore referred to;

And Whereas, At a meeting of the board of managers of The Philadelphia and Reading Railroad Company, party of the first part, duly convened and held on the fourteenth day of October, 1896, the following preambles and resolution were adopted:—

"Whereas, The Circuit Court of the United States, Eastern District of Pennsylvania, in the suit of The Pennsylvania Company for Insurances on Lives and Granting Annuities *vs.* The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others, No. 9, April Sessions, 1895, did, on the third day of October, 1896, order and decree that the sale made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee of the mortgaged premises and the property covered by said order of sale, to Charles H. Coster and Francis Lynde Stetson be confirmed, and that the trustee be authorized to sign, seal, execute and deliver a deed or deeds of conveyance to the said Charles H. Coster and Francis Lynde Stetson of the property therein specified; and did further order and decree 'That by way of further assurance and confirmation of title to such purchasers or their assigns,

the said Philadelphia and Reading Railroad Company and the said Philadelphia and Reading Coal and Iron Company, mortgagors, each by its proper officers and under its corporate seal, shall, upon request of said purchasers or their assigns, join in said deeds to be executed by the trustee, or if so requested, shall sign, seal, execute, acknowledge and deliver to such purchasers or to their assigns separate deeds of conveyance, transfer, release and further assurance of all the railroad, property and franchises sold under the decree of this court, so as fully and completely to transfer to and invest in the said purchasers and their assigns the full legal and equitable title to all such railroads, property and franchises hereby sold or intended to be sold.'

"AND WHEREAS, Under the provisions and intention of the said General Mortgage it is the duty of this company to make, execute and deliver to the purchasers thereunder proper deeds of confirmation and further assurance;

"Therefore be it

"*Resolved*, That the proper officers of the company be and they are hereby authorized and instructed to make, execute and deliver, under the corporate seal, all such deed or deeds of conveyance, bills of sale and other proper assurances in writing as they shall be advised by counsel are proper to carry into effect the purposes set forth in the foregoing preambles, and that they be and are hereby authorized and instructed, from time to time, to make and deliver, under the corporate seal, and to cause to be executed by any trustee or depository holding the same in any form of trust, all such proper instruments of writing as they shall be advised by counsel are required to vest in the purchasers or the successor company to be organized by them, or to which they shall assign or convey the property purchased, or to their appointee, as the case may be, the interest of this company and of such trustee in any property so held in trust for this company or for its use and benefit."

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the said The Philadelphia and Reading Railroad Company, party of the first part, in pursuance of its obligation under said General Mortgage and in pursuance of the said decree of the said Circuit Court of the United States, and in exercise of all its powers, and in consideration of the premises and of the sum of one dollar paid by the said parties of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, assigned, aliened, demised, released, conveyed, and confirmed, and by these presents does grant, bargain, sell, assign, alien, release, convey and confirm unto the said Charles Henry Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, parties of the second part, and to the survivor of them and to the heirs and assigns of the survivor, forever:

All and singular the right, title, estate, interest, claim and demand of The Philadelphia and Reading Railroad Company, of in and to all the railroads, equipment, appurtenances and franchises, the lands, premises, estates, property, stocks, securities, credits and interests of every kind mentioned and described, assigned, transferred and conveyed, or intended to be assigned, transferred and conveyed, by The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, to Charles Henry Coster and Francis Lynde Stetson, by deed of even date herewith, and intended to be recorded, as by reference to said deed and conveyance will more fully and at large appear.

Together with all property, real and personal, of every character and description, and any and all beneficial interest therein, acquired by The Philadelphia and Reading Railroad Company or by the Receivers of The Philadelphia and Reading Railroad Company in the course of the operation and management of the same, and to which, or to any beneficial interest in which, the said Philadelphia and Reading Railroad Company are and may become entitled, including all income, proceeds of income, bills and accounts receivable, cash, materials and supplies and

other property rights, equities and equities of redemption in which The Philadelphia and Reading Railroad Company has or can have any interest whatever.

Excepting only such property as heretofore has been conveyed and transferred under the power reserved in any of the mortgages of the said Philadelphia and Reading Railroad Company or in pursuance of any power by it heretofore lawfully exercised.

To Have and to Hold, all and singular, the above-mentioned railroads, equipment, appurtenances and franchises, the lands, premises, estates, property, stocks, securities, credits and interests of every kind, including all those mentioned and described, assigned, transferred and conveyed or intended to be assigned, transferred and conveyed in the deed of conveyance by the said Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, to Charles Henry Coster and Francis Lynde Stetson, as hereinbefore referred to, unto the said parties of the second part as joint tenants, and not as tenants in common, and to the survivor of them, and to the heirs and assigns of such survivor, forever:

Provided, however, That nothing herein contained shall modify the right of the parties of the second part to elect not to assume or adopt any leases or contracts of the party of the first part, as reserved in the decree of the Circuit Court of the United States and in the deed by the said trustee to the said parties of the second part.

In order to facilitate the recording hereof, six originals of this deed have been executed, acknowledged and delivered by the party of the first part, all or any one of which may be recorded, and which, when executed, acknowledged and delivered, shall be deemed an original, and all collectively but one instrument.

In Witness Whereof, The said The Philadelphia and Reading Railroad Company has caused these presents to be signed by its president and its corporate seal to be

hereunto affixed, duly attested by its secretary, the day and year first above written.

THE PHILADELPHIA AND READING RAILROAD COMPANY,
By
J. S. HARRIS,
President.

[L.S.]

Attest:
W. R. TAYLOR,
Secretary.

In the presence of:
W. G. BROWN,
C. K. KLINK.

CITY OF PHILADELPHIA, }
STATE OF PENNSYLVANIA, } *ss.*

BE IT REMEMBERED, That before me, the subscriber, a notary public in and for the said city, personally came and appeared William R. Taylor, secretary of the foregoing-named corporation, The Philadelphia and Reading Railroad Company, who, being duly sworn according to law, deposes and says that he was personally present at the execution of the foregoing indenture or mortgage, and saw Joseph S. Harris, president of the said corporation, affix the seal of the said company to the said indenture and deliver the same as the act and deed of the said company; and that the name of this deponent, subscribed to the said indenture as secretary of the said corporation, in attestation of the due execution and delivery of the said indenture, is of this deponent's own proper handwriting.

W. R. TAYLOR.

Sworn to and subscribed before me. Witness my hand and official seal, this twenty-third day of October, A. D. 1896.

C. K. KLINK,
Notary Public.

[L.S.]

DEED.

THE PHILADELPHIA AND READING COAL AND IRON COMPANY TO CHARLES H. COSTER AND FRANCIS LYNDE STETSON, OCTOBER 23D, 1896.

THIS INDENTURE, Made this twenty-third day of October, in the year one thousand eight hundred and ninety-six, between *The Philadelphia and Reading Coal and Iron Company*, party of the first part, and *Charles Henry Coster and Francis Lynde Stetson*, both of the city, county and State of New York, as joint tenants, and not as tenants in common, parties of the second part;

WHEREAS, The party of the first part duly made, executed and delivered to The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, its certain mortgage or deed of trust called the "General Mortgage," bearing date the third day of January, 1888, and thereby conveyed to said The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, and to its successors or successor in the trust, all its coal lands, coal leases, iron-ore lands, furnace properties and other real estate, with the appurtenances, in said General Mortgage specifically described, to further secure the payment of certain bonds issued by The Philadelphia and Reading Railroad Company.

AND WHEREAS, The Philadelphia and Reading Railroad Company having made default in the payment of the interest which became due on the bonds secured by said General Mortgage, such proceedings were had in a certain cause pending in the Circuit Court of the United States for the Eastern District of Pennsylvania, wherein The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, was complainant, and The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were de-

fendants, that on the first day of May, 1896, a certain decree of foreclosure and sale was entered in said court; and by virtue of the powers given in the mortgage and said decree of foreclosure and sale, as by reference thereto will fully and at large appear, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, on the twenty-third day of September, 1896, at the place in said decree specified, to wit, at the old station of The Philadelphia and Reading Railroad Company, on Callowhill Street between Thirteenth Street and Broad Street, in the city of Philadelphia and in the State of Pennsylvania, did duly sell at public auction to the said Charles Henry Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, the parties of the second part hereto, all and singular the coal lands, coal leases, iron-ore lands, furnace properties, real estate and property of every description described in said General Mortgage, or by the decree of the court in the aforesaid suit adjudged to have become subject thereto, excepting therefrom only the property sold since the date of the said mortgage under the powers therein reserved and including the property, estate and franchises of every kind of The Philadelphia and Reading Railroad Company in said mortgage described, at and for the sum of sixteen millions of dollars, which said sale was duly reported to the court, and, after full hearing and notice to all parties, was by the decree of the said court duly and finally confirmed upon the third day of October, 1896;

And Whereas, The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee as aforesaid, in execution of the powers by said mortgage conferred, and in compliance with the terms of the decree of said court, has made, signed, sealed, executed and delivered a deed of conveyance, bearing even date herewith, to the said Charles Henry Coster and Francis Lynde Stetson, parties of the second part, as joint tenants, and not as tenants in common, conveying to them all and singular the coal lands, coal leases, iron-ore lands, furnace properties and other real estate, stocks, bonds and other property of the said The

Philadelphia and Reading Coal and Iron Company in said deed fully described;

And Whereas, By the terms of said decree the party of the first part was directed, upon the request of the purchasers, to make and execute, acknowledge and deliver to the purchasers such deeds of conveyance, transfers and releases by way of further assurance and confirmation of title to such purchasers or their assigns as might be necessary fully and completely to transfer to and invest in the said purchasers, parties of the second part, and their assigns the full legal and equitable title to all the coal lands, coal leases, iron-ore lands, furnace properties, real estate and property, real, personal and mixed, sold or intended to be sold by the said trustee in the foreclosure sale hereinbefore referred to;

And Whereas, At a meeting of the board of directors of The Philadelphia and Reading Coal and Iron Company, party of the first part, duly convened and held on the twenty-third day of October, 1896, the following preambles and resolution were adopted:—

"Whereas, The Circuit Court of the United States, Eastern District of Pennsylvania, in the suit of The Pennsylvania Company for Insurances on Lives and Granting Annuities *vs.* The Philadelphia and Reading Railroad Company and the Philadelphia and Reading Coal and Iron Company and others, No. 9, April Sessions, 1895, did on the third day of October, 1896, order and decree that the sale made by The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee of the mortgaged premises and the property covered by said order of sale, to Charles H. Coster and Francis Lynde Stetson, be confirmed, and that the trustee be authorized to sign, seal, execute and deliver a deed or deeds of conveyance to the said Charles H. Coster and Francis Lynde Stetson of the property therein specified; and did further order and decree 'That by way of further assurance and confirmation of title to such purchasers or their assigns, the said Philadelphia and Reading Railroad Company and the said Philadelphia and Reading

Coal and Iron Company, mortgagors, each by its proper officers and under its corporate seal, shall, upon request of said purchasers or their assigns, join in said deeds to be executed by the trustee, or, if so requested, shall sign, seal, execute, acknowledge and deliver to such purchasers, or to their assigns, separate deeds of conveyance, transfer, release and further assurance of all the railroad, property and franchises sold under the decree of this court, so as fully and completely to transfer to and invest in the said purchasers and their assigns the full legal and equitable title to all such railroad, property and franchises hereby sold or intended to be sold;'

"And Whereas, Under the provisions and intention of the said General Mortgage it is the duty of this company to make, execute and deliver to the purchasers thereunder proper deeds of confirmation and further assurance;

"Therefore be it

"*Resolved*, That the proper officers of the company be and they are hereby authorized and instructed to make, execute and deliver under the corporate seal, all such deed or deeds of conveyance, bills of sale and other proper assurances in writing as they shall be advised by counsel are proper to carry into effect the purposes set forth in the foregoing preambles, and that they be and are hereby authorized and instructed, from time to time, to make and deliver, under the corporate seal, and to cause to be executed by any trustee or depository holding the same in any form of trust, all such proper instruments of writing as they shall be advised by counsel are required to vest in the purchasers or the successor company to be organized by them, or to which they shall assign or convey the property purchased, or to their appointee, as the case may be, the interest of this company and of such trustee in any property so held in trust for this company or for its use and benefit."

Now, therefore, this Indenture Witnesseth:

That the said The Philadelphia and Reading Coal and Iron Company, party of the first part, in pursuance of its

obligation under said General Mortgage, and in pursuance of the said decree of the said Circuit Court of the United States, and in exercise of all its powers, and in consideration of the premises and of the sum of one dollar paid to it by the said parties of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, assigned, aliened, demised, released, conveyed and confirmed, and by these presents does grant, bargain, sell, assign, alien, release, convey and confirm unto the said Charles Henry Coster and Francis Lynde Stetson, as joint tenants and not as tenants in common, parties of the second part, and to the survivor of them, and to the heirs and assigns of the survivor, forever:

All and singular the right, title, estate, interest, claim and demand of The Philadelphia and Reading Coal and Iron Company of, in and to all the coal lands, coal leases, iron-ore lands, furnace properties and other real estate, premises, estates, property, stocks, securities, credits and interests of every kind mentioned and described, assigned, transferred and conveyed, or intended to be assigned, transferred and conveyed, by The Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, to Charles Henry Coster and Francis Lynde Stetson by deed of even date herewith, and intended to be recorded, as by reference to said deed and conveyance will more fully and at large appear.

Together with all property, real, personal and mixed, of every character and description, and any and all beneficial interest therein, acquired by The Philadelphia and Reading Coal and Iron Company, or by the Receivers of The Philadelphia and Reading Coal and Iron Company, in the course of the operation and management of the same, and to which, or to any beneficial interest in which, the said Philadelphia and Reading Coal and Iron Company are and may become entitled, including all income, proceeds of income, bills and accounts receivable, cash, materials and supplies and other property, rights, equities and equities of redemption in which The Philadelphia and Reading Coal and Iron Company has or can have any interest whatever.

Excepting only such property as heretofore has been conveyed and transferred under the power reserved in any of the mortgages of the said Philadelphia and Reading Coal and Iron Company, or in pursuance of any power heretofore by it lawfully exercised.

To Have and to Hold, all and singular, the above-mentioned coal lands, coal leases, iron-ore lands, furnace properties and other real estate, premises, estates, property, real, personal or mixed, stocks, securities, credits and interests of every kind, including all those mentioned and described, assigned, transferred and conveyed, or intended to be assigned, transferred and conveyed, in the deed of conveyance by the said Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, to Charles Henry Coster and Francis Lynde Stetson, as hereinbefore referred to, unto the said parties of the second part, as joint tenants, and not as tenants in common, and to the survivor of them, and to the heirs and assigns of such survivor, forever:

Provided, however, That nothing herein contained shall modify the right of the parties of the second part to elect not to assume or adopt any leases or contracts of the party of the first part as reserved by the decree of the Circuit Court of the United States and in the deed by the said trustee to the said parties of the second part.

In order to facilitate the recording hereof, six originals of this deed have been executed, acknowledged and delivered by the party of the first part, all or any one of which may be recorded, and which, when executed, acknowledged and delivered, shall be deemed an original, and all collectively but one instrument.

In Witness Whereof, The said The Philadelphia and Reading Coal and Iron Company has caused these presents to be signed by its president, and its corporate seal to be

hereunto affixed duly attested by its secretary, the day and year first above written.

THE PHILADELPHIA AND READING COAL AND IRON COMPANY,

By

J. S. HARRIS,
President.

[L. S.]

Attest:

F. P. KAERCHER,
Secretary.

In presence of:
C. K. KLINK,
H. C. RUSSELL.

CITY OF PHILADELPHIA, }
STATE OF PENNSYLVANIA, } *ss.*

BE IT REMEMBERED That before me, the subscriber, a notary public in and for the said city, personally came and appeared F. P. Kaercher, secretary of the foregoing-named corporation, The Philadelphia and Reading Coal and Iron Company, who, being duly sworn according to law, deposes and says that he was personally present at the execution of the foregoing indenture or mortgage, and saw Joseph S. Harris, president of the said corporation, affix the seal of the said company to the said indenture, and deliver the same as the act and deed of the said company; and that the name of this deponent, subscribed to the said indenture as secretary of the said corporation, in attestation of the due execution and delivery of the said indenture, is of this deponent's own proper handwriting.

F. P. KAERCHER.

Sworn to and subscribed before me. Witness my hand and official seal, this twenty-third day of October, A. D. 1896.

C. K. KLINK,
Notary Public.

[L. S.]

BILL OF SALE.

Joseph S. Harris, Edward M. Paxson, John Lowber Welsh, Receivers of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company,

to

Charles H. Coster and Francis Lynde Stetson.

OF THE SUNDRY SHARES OF STOCKS SOLD UNDER DECREE OF CIRCUIT COURT OF THE UNITED STATES OF MAY 1ST, 1896.

WHEREAS, In compliance with the directions of the decree of May 1st, 1896, of the Circuit Court of the United States for the Eastern District of Pennsylvania, in No. 9, April Sessions, 1895, the undersigned, Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, did, on the twenty-third day of September, 1896, at the time and place fixed in said decree, sell at public auction certain assets of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company then in the possession of said Receivers to Charles H. Coster and Francis Lynde Stetson for the sum of four million five hundred thousand dollars ($4,500,000), in which assets were included the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to the shares of stock named in the following schedule, as in and by the report of said Receivers, duly filed in the suit above mentioned, will fully and at large appear:—

SHARES.	STOCKS.
21,479	Allentown Railroad Company.
19,046	Atlantic City Railroad Company, preferred.
23,972	Atlantic City Railroad Company, common.
1,039	Camden County Railroad Company.
10,135	Catasauqua and Fogelsville Railroad Company.
228	Catawissa Railroad Company, first preferred.
310	Catawissa Railroad Company, second preferred.
1,816	Central Dock and Terminal Railway Company.
750	Chester and Delaware River Railroad Company.
5,601	Colebrookdale Railroad Company.

Shares.	Stocks.
4,992	Delaware River Ferry Company of New Jersey.
5,646	East Mahanoy Railroad Company.
17,555	East Pennsylvania Railroad Company.
10,807	Gettysburg and Harrisburg Railway Company.
1,718	Junction Railroad Company.
2,000	Locust Gap Improvement Company.
3,473	Middletown and Hummelstown Railroad Company.
1,620	Mine Hill and Schuylkill Haven Railroad Company.
1,919	Mill Creek and Mine Hill Navigation and Railroad Company.
768	Mt. Carbon and Port Carbon Railroad Company.
400	Norristown Junction Railroad Company.
6,252	Northeast Pennsylvania Railroad Company.
2,576	North Pennsylvania Railroad Company.
369	Philadelphia, Reading and Pottsville Telegraph Company.
4,102	Philadelphia and Chester Valley Railroad Company, preferred.
9,054	Philadelphia and Chester Valley Railroad Company, common.
39,646	Philadelphia, Harrisburg and Pittsburgh Railroad Company.
1,220	Pickering Valley Railroad Company.
15,726	Reading and Columbia Railroad Company.
9,980	Reading Iron Company.
960	Rupert and Bloomsburg Railroad Company.
945	Schuylkill and Lehigh Railroad Company.
1,238	Schuylkill Valley Navigation and Railroad Company.
39,917	Shamokin, Sunbury and Lewisburg Railroad Company.
49	Allentown Railroad Company.
9	Atlantic City Railroad Company, preferred.
28	Atlantic City Railroad Company, common.
950	*Anthracite Water Company.*
250	*Cystal Water Company.*
75	City Armory Association, of Pottsville.
4	Camden County Railroad Company.
30	Catasauqua and Fogelsville Railroad Company.
38	Central Dock and Terminal Railway Company.
50	Chester and Delaware River Railroad Company.
29	Colebrookdale Railroad Company.
200	Conshohocken Gas and Water Company.
20	Conshohocken Gas and Water Company, preferred.
251	*Central Transfer Company Stock—Lyons.*
5,000	Danville and Shamokin Railroad Company.
517	Delaware Coal Company.
8	Delaware River Ferry Company, of New Jersey.
50	Douglassville and Yellow House Turnpike Company.
27	East Mahanoy Railroad Company.
22	East Pennsylvania Railroad Company.
10	*Good Spring Water Company.*
40	Germantown Transfer Company.
7	Gettysburg and Harrisburg Railway Company.
20	Lehigh Coal and Navigation Company.
417	Harrisburg and Millerstown Railroad Company.
5	Junction Railroad Company.
700	*Mammoth Vein Coal and Iron Company.*
10	Manufacturers' and Consumers' Railroad Company.
27	Middletown and Hummelstown Railroad Company.
8	Mill Creek and Mine Hill Navigation and Railroad Company.
8	Mt. Carbon and Port Carbon Railroad Company.
312	Oliver Iron and Steel Company, preferred.
100	Mansion House Hotel Company, Mauch Chunk.
100	Manayunk and Roxborough Inclined Plane and Railway Company.

Shares.	Stocks.
2,640	Montour Iron and Steel Company.
128	Northeast Pennsylvania Railroad Company.
.....	Permanent Exhibition Company.
400	Pottsville Mining and Manufacturing Company.
10,000	Philadelphia and Frankford Railroad Company.
20,000	Philadelphia and North Branch Railroad Company.
170,000	Philadelphia and Reading Terminal Railroad Company.
40	Philadelphia and Southern Mail Steamship Company.
76	Proprietors of Susquehanna Canal.
3	Perkiomen Railroad Company.
2,703	People's Railway Company, of Pottsville, Pa.
49	Pennsylvania Steel Company.
30	Philadelphia Bourse.
5	Philadelphia and Erie Railroad Company.
.....	Philadelphia Floating Elevator Company.
500	Philadelphia, Newtown and New York Railroad Company.
7,500	Philadelphia, Newtown and New York Railroad Company, preferred.
1,560	Philadelphia Belt Line, preferred.
39,103	Philadelphia, Reading and New England Railroad Company.
3	Philadelphia, Reading and New England Railroad Company, preferred.
21	Philadelphia, Reading and Pottsville Telegraph Company.
35	Philadelphia and Chester Valley Railroad Company, common.
354	Philadelphia, Harrisburg and Pittsburgh Railroad Company.
15	Pickering Valley Railroad Company.
15,650	Port Reading Railroad Company.
40	Port Reading Construction Company.
38	Reading and Columbia Railroad Company.
20	Reading Iron Company.
40	Rupert and Bloomsburg Railroad Company.
55	Schuylkill and Lehigh Railroad Company.
8	Schuylkill Valley Navigation and Railroad Company.
3	Schuylkill Navigation Company, preferred.
300	Schuylkill River West Side Railroad Company.
804	Schuylkill Electric Railway Company.
83	Shamokin, Sunbury and Lewisburg Railroad Company.
1,000	*Silver Creek Water Company.*
4,000	Slatington Railroad Company.
70	Stout's Ferry Bridge Company.
360	Swedes Ford Bridge Company.
6,000	Tamaqua, Hazleton and Northern Railroad Company.
44	Wellman Iron and Steel Company, preferred.
29	Wellman Iron and Steel Company, common.
100	Wilmington and Reading Railroad Company.
390	Windmill Island Ferry Company.

And Whereas, After due notice and hearing the Circuit Court of the United States did on the third day of October, 1896, duly confirm the sale so made by the said Receivers to the said Charles H. Coster and Francis Lynde Stetson, and directed the Receivers to make such transfers and assignments as may be necessary to vest title thereto in the said purchasers and their assigns;

Now, Know all Men by these Presents, That we, Joseph S. Harris, Edward M. Paxson, John Lowber Welsh, Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, in consideration of the payment of money stipulated in said decree, and in compliance with the terms of the said decree, do sell, transfer and assign unto the said Charles H. Coster and Francis Lynde Stetson, their heirs and assigns forever, all and singular the shares of stock named in the foregoing schedule, or the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to such as are pledged, and hereby authorize William R. Taylor to make the necessary transfers on the books of the said companies.

Witness our hands and seals this twenty-third day of October, A. D. 1896.

J. S. HARRIS,
EDWARD M. PAXSON,
JNO. LOWBER WELSH,
Receivers.

Witnesses present:
W. R. TAYLOR,
W. G. BROWN.

BILL OF SALE.

Joseph S. Harris, Edward M. Paxson, John Lowber Welsh, Receivers of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company,

to

Charles H. Coster and Francis Lynde Stetson.

OF SUNDRY BONDS SOLD UNDER DECREE OF CIRCUIT COURT OF THE UNITED STATES OF MAY 1ST, 1896.

WHEREAS, In compliance with the directions of the decree of May 1st, 1896, of the Circuit Court of the United States for the Eastern District of Pennsylvania, in No. 9, April Sessions, 1895, the undersigned, Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, did, on the twenty-third day of September, 1896, at the time and place fixed in said decree, sell at public auction certain assets of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company then in the possession of said Receivers to Charles H. Coster and Francis Lynde Stetson for the sum of four million five hundred thousand dollars ($4,500,000), in which assets were included the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to the bonds named in the following schedule, as in and by the report of said Receivers, duly filed in the suit above mentioned, will fully and at large appear:—

BONDS.	PAR VALUE.
Locust Dale Coal Company	$156,000
People's Railway Company	36,000
Perkiomen Railroad Company	161,100
Philadelphia, Reading and Pottsville Telegraph Company	200,000
Philadelphia and Chester Valley Railroad Co., preferred	25,000
Philadelphia and Chester Valley R. R. Co., not preferred	47,000
Reading and Columbia Railroad Company, firsts	9,500
Reading and Columbia Railroad Company, seconds	35,000
Reading and Columbia Railroad Company, debentures	1,000,000
Schuylkill and Lehigh Railroad Company, firsts	93,900

Bonds.	Par Value.
Big Pond tract, P. & R. C. & I. Co	$1,000
Bechtelsville Iron Company	58,000
Chandler tract, P. & R. C. & I. Co	500
Coal Hill tract, P. & R. C. & I. Co	44,000
Catharine Groh tract, Richardson, Exec., P. & R. C. & I. Co	18,000
Colebrookdale Railroad Company, first mortgage	100
Consolidated mortgage, first series five per cent. fractional scrip	230
Camden County Railroad Company, five per cent. gold mortgage bonds	1,000
Catawissa Railroad Co., improvement mortgage bonds	500,000
Conshohocken Tube Company	600
Davis, John R., bond and mortgage	3,079
Ely & Riehle tract, P. & R. C. & I. Co	111,000
Gettysburg and Harrisburg Railway Company, car trusts	18,000
Hamburg Iron Company	12,500
Iron Car Equipment Company, second mortgage bonds	7,522
Lessig tract, P. & R. C. & I. Co	1,000
Mammoth Vein Coal and Iron Company	209,000
Mansion House Hotel Company, Mauch Chunk	7,000
Montour Iron and Steel Company	265,000
Monocacy Furnace Company	75,000
Mortgages and ground rents	336,005
Norristown Junction Railroad Company	1,500
Pickering Valley Railroad Company	2,000
Pennsylvania Steel Company, consolidated six per cents	19,988
Philadelphia, Harrisburg and Pittsburgh Railroad Co	1,500,000
Philadelphia, Newtown and New York Railroad Company	807,100
Preston Coal and Improvement Company	1,087,000
Reading Traction Company	1,000
Schuylkill and Lehigh Railroad Company	400,000
Schuylkill Navigation Co., boat and car loan, 1863–1913	200
Schuylkill Navigation Company, loan 1844–1897	400
Schuylkill Navigation Company, convertible mortgage loan, 1852–1907	194
Summit land tract, P. & R. C. & I. Co	10,000
Sunbury and Northumberland Street Railway Company	15,000
Susquehanna Canal Company, seven per cent. bonds	1,000
Tamaqua, Hazleton and Northern R. R. Co., first mortgage	300,000
Tamaqua tract, P. & R. C. & I. Co	165,000
Tremont Coal Company	900,000
Walker tract, P. & R. C. & I. Co	2,000
Wood tract, P. & R. C. & I. Co	5,000
Wetherill tract (Lee lands), P. & R. C. & I. Co	4,000

And Whereas, After due notice and hearing the Circuit Court of the United States did, on the third day of October, 1896, duly confirm the sale so made by the said Receivers to the said Charles H. Coster and Francis Lynde Stetson, and directed the Receivers to make such transfers and assignments as may be necessary to vest title thereto in the said purchasers and their assigns;

Now Know all Men by these Presents, That we, Joseph S. Harris, Edward M. Paxson, John Lowber Welsh, Receivers

1241

of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, in consideration of the payment of money stipulated in said decree, do sell, transfer and assign unto the said Charles H. Coster and Francis Lynde Stetson, their heirs and assigns, forever, all and singular the bonds named in the foregoing schedule, or the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to such as are pledged, and hereby authorize William R. Taylor to make the necessary transfers on the books of the said companies.

Witness our hands and seals, this twenty-third day of October, A. D. 1896.

J. S. HARRIS,
EDWARD M. PAXSON,
JNO. LOWBER WELSH,
Receivers.

Witnesses present:
W. R. TAYLOR,
W. G. BROWN.

BILL OF SALE.

The Philadelphia and Reading Railroad Company

to

Charles H. Coster and Francis Lynde Stetson.

OF SUNDRY ACCOUNTS FOR ADVANCES TO LEASED AND CONTROLLED COMPANIES SOLD UNDER DECREE OF CIRCUIT COURT OF THE UNITED STATES OF MAY 1ST, 1896.

WHEREAS, In compliance with the directions of the decree of May 1st, 1896, of the Circuit Court of the United States for the Eastern District of Pennsylvania, in No. 9, April Sessions, 1895, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee of the General Mortgage of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, did, on the twenty-third day of September, 1896, at the time and place fixed in said decree, sell at public auction the property, premises and franchises of every description described in said General Mortgage, or by said decree adjudged to have become subject thereto, of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company to Charles H. Coster and Francis Lynde Stetson for the sum of sixteen million dollars ($16,000,000), in which property were included the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to the following accounts for advances made by the said The Philadelphia and Reading Railroad Company to the leased and controlled companies named, as in and by the report of said trustee, duly filed in the suit above mentioned, will more fully and at large appear:—

Reading and Columbia Railroad Company	$111,962 39
Stony Creek Railroad Company	423,512 84
Perkiomen Railroad Company	875,928 24
Philadelphia, Newtown and New York Railroad Company, account construction	29,680 08
Atlantic City Railroad Company	438,288 20
Northeast Pennsylvania Railroad Company	128,270 04
Philadelphia and Chester Valley Railroad Company	56,255 97
Rupert and Bloomsburg Railroad Company	36,963 04
Middletown and Hummelstown Railroad Company	36,527 90
Philadelphia and Northern Railroad Company	58,330 71

Gettysburg and Harrisburg Railway Company		$129,499 63
Delaware River Ferry Company of New Jersey		80,222 06
Philadelphia and Reading Terminal Railroad Company		2,545,491 77
Catasauqua and Fogelsville Railroad Company		50,544 00
Chester and Delaware River Railroad Company		147,174 14
Camden County Railroad Company		84,074 34
Tamaqua, Hazleton and Northern Railroad Company		63,349 37
Philadelphia and Frankford Railroad Company		21,852 15
Port Reading Railroad Company		93,351 02
Philadelphia Belt Line Railroad Company		222,821 18
Langhorne and Bristol Railroad Company		131 32
Dutchess County Railroad Company		21,538 03
Philadelphia, Reading and New England Railroad Company		563,774 27
Colebrookdale Railroad Company		71,872 99
Pickering Valley Railroad Company		417,213 88
Schuylkill Water Company		57,277 47
Twelfth Street Market Company		14,598 75
Preston Coal and Improvement Company		304,135 00
Tremont Coal Company		201,000 00
Mammoth Vein Coal and Iron Company		64,440 00
Terminal Market and Cold Storage		48,470 38
River Front Railroad Company		79,468 27
Catawissa Railroad Company, permanent improvements		286,516 67
East Pennsylvania Railroad Company, permanent improvements		9,844 65
Mine Hill and Schuylkill Haven Railroad Company, permanent improvements		55,401 40
Catawissa Railroad, account Newberry Extension		423,736 05
Schuylkill and Lehigh Railroad Company, permanent improvements		26,604 95
North Pennsylvania Railroad Company, permanent improvements		23,456 76
East Mahanoy Railroad Company, permanent improvements		8,742 59
		$8,112,322 68
LESS CREDITS.		
Philadelphia, Harrisburg and Pittsburgh Railroad Company	$719,429 49	
Chestnut Hill and Jenkintown Railroad Company	538 86	
Allentown Railroad Company	22,731 60	
Shamokin, Sunbury and Lewisburg Railroad Company	614,790 70	
		1,357,490 65
Total		$6,754,832 03

AND WHEREAS, After due notice and hearing the Circuit Court of the United States did, on the third day of October, 1896, duly confirm the sale so made by the said trustee to the said Charles H. Coster and Francis Lynde Stetson, and directed the said trustee to make and deliver deeds of conveyance conveying the property sold to the said purchasers and their assigns;

AND WHEREAS, The said Circuit Court of the United States did further order and decree that by way of further assurance and confirmation of title to such purchasers or their assigns the said Philadelphia and Reading Railroad Company and the said Philadelphia and Reading Coal and Iron Company, mortgagors, each by its proper officers and under its corporate seal, should, upon request of said purchasers or their assigns, join in said deeds to be executed by the trustee, or if so requested, should sign, seal, execute, acknowledge and deliver to such purchasers or their assigns separate deeds of conveyance, transfer, release and further assurance of all the railroad, property and franchises sold under the decree of this court, so as fully and completely to transfer to and vest in the said purchasers and their assigns the full legal and equitable title to all of such railroads, property and franchises sold or intended to be sold;

Now Know all Men by these Presents, That The Philadelphia and Reading Railroad Company, in consideration of the payment of the moneys stipulated in said decree, and in compliance with the terms of the said decree, do sell, transfer, assign and set over unto the said Charles H. Coster and Francis Lynde Stetson, jointly and not severally, and to the survivor of them, and the executors and administrators of such survivor, forever, the right, title and interest of the Philadelphia and Reading Railroad Company of, in and to the said accounts against the companies named in the foregoing schedule, and each of them.

In Witness Whereof, The Philadelphia and Reading Railroad Company has hereunto affixed its corporate seal, this twenty-third day of October, A. D. 1896.

THE PHILADELPHIA AND READING
RAILROAD COMPANY,

By

J. S. HARRIS,
President.

[SEAL]

Attest:

W. R. TAYLOR,
Secretary.

Witnesses present:

W. G. BROWN,
ALBERT H. MOORE.

BILL OF SALE.

Joseph S. Harris, Edward M. Paxson, John Lowber Welsh, Receivers of The Philadelphia and Reading Railroad Company,

to

Charles H. Coster and Francis Lynde Stetson.

OF SUNDRY BONDS OF AND CLAIMS AGAINST THE PHILADELPHIA AND READING COAL AND IRON COMPANY, SOLD UNDER DECREE OF CIRCUIT COURT OF THE UNITED STATES OF MAY 1ST, 1896.

WHEREAS, In compliance with the directions of the decree of May 1st, 1896, of the Circuit Court of the United States for the Eastern District of Pennsylvania, in No. 9, April Sessions, 1895, the undersigned, Receivers of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, did, on the twenty-third day of September, 1896, at the time and place fixed in said decree, sell at public auction certain assets of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company then in the possession of said Receivers to Charles H. Coster and Francis Lynde Stetson for the sum of four million five hundred thousand dollars ($4,500,000), in which assets were included the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to certain bonds of The Philadelphia and Reading Coal and Iron Company, one thereof, dated July 1st, 1874, for the principal sum of thirty million dollars ($30,000,000), and secured by mortgage dated July 1st, 1874, and the other thereof, dated December 28th, 1876, for the principal sum of ten million dollars ($10,000,000), secured by mortgage dated December 28th, 1876; and also certain claims or demands of The Philadelphia and Reading Railroad Company against The Philadelphia and Reading Coal and Iron Company, as follows, to wit:—

A. Loan account, representing cash advances, &c $24,879,336 16
B. Current business account, approximating 4,300,000 00

as in and by the report of said Receivers, duly filed in the suit above mentioned, will fully and at large appear.

And Whereas, After due notice and hearing the Circuit Court of the United States did, on the third day of October, 1896, duly confirm the sale so made by the said Receivers to the said Charles H. Coster and Francis Lynde Stetson, and directed the Receivers to make such transfers and assignments as may be necessary to vest title thereto in the said purchasers and their assigns;

Now Know all Men by these Presents, That we, Joseph S. Harris, Edward M. Paxson, John Lowber Welsh, Receivers of The Philadelphia and Reading Railroad Company, in consideration of the payment of money stipulated in said decree, and in compliance with the terms of the said decree, do sell, transfer and assign unto the said Charles H. Coster and Francis Lynde Stetson, their heirs and assigns, forever, the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to the said bonds of and claims against The Philadelphia and Reading Coal and Iron Company, and hereby authorize William R. Taylor to make the necessary transfers on the books of the said company.

Witness our hands and seals, this twenty-third day of October, A. D. 1896.

J. S. HARRIS,
EDWARD M. PAXSON,
JNO. LOWBER WELSH,
Receivers.

Witnesses present:
W. R. Taylor,
W. G. Brown.

DEED.

CHARLES H. COSTER AND FRANCIS LYNDE STETSON TO PHILADELPHIA AND READING RAILWAY COMPANY. DATED NOVEMBER 16TH, 1896.

THIS INDENTURE, Made the sixteenth day of November, in the year one thousand eight hundred and ninety-six, between *Charles Henry Coster and Emily P.* his wife, of Tuxedo, Orange County, New York; and *Francis Lynde Stetson and Elizabeth R.* his wife, of the city, county and State of New York, parties of the first part, and *Philadelphia and Reading Railway Company*, a corporation of the State of Pennsylvania, party of the second part, witnesseth:

That the said parties of the first part, for and in consideration of the sum of $40,000,000 to be paid by the Philadelphia and Reading Railway Company to them by an issue of $20,000,000 of capital stock of the said Railway Company, and by a purchase-money bond and mortgage of $20,000,000, which mortgage shall be a lien upon all the property hereby conveyed, and in further consideration of the covenants and conditions of an agreement between Charles Henry Coster and Francis Lynde Stetson, of the first part, and the Philadelphia and Reading Railway Company, of the second part, to be delivered hereunder, have granted, bargained, sold, aliened, released and confirmed, and by these presents, do grant, bargain, sell, alien, release and confirm unto the said Philadelphia and Reading Railway Company and its successors forever, all and singular all the following lines of railroads:—

1. The Main Line, extending from its termini at Port Richmond and Willow Street Wharf, on the Delaware River, in the city of Philadelphia, through the Schuylkill Valley, via Reading, to its junction with the Mount Carbon Branch, at Mount Carbon, near Pottsville, in the county of Schuylkill (including the Tabor Branch, extending from its connection with the Main Line at Nicetown

to its connection with the North Pennsylvania Railroad at Tabor Junction, the Venice Branch from its connection with the main line near Pencoyd to East Manayunk, the Bellevue Branch from its connection with the Norristown Railroad at Bellevue Station to East Falls; also, Linden Street Yard, in Camden, N. J., connected by floats with Port Richmond, Philadelphia, Pa.), being one hundred and four and forty-four one-hundredths miles in length of double-track and two and eight one-hundredths miles in length of single-track railroad, and embracing with its sidings and turnouts four hundred and forty-one and seventy-six one-hundredths miles of single track.

2. The Lebanon Valley Branch, extending from its junction with the said main line at Reading, in the county of Berks, through the Lebanon Valley, via Lebanon, to Harrisburg, in the county of Dauphin, including the Avon Branch from its connection with the Lebanon Valley Railroad east of Lebanon Station to Brock's furnaces; the Manufacturers' Branch from its connection east of Harrisburg to Harrisburg Car Works, and the Steelton Branch from its connection east of Harrisburg to Steelton, Pa., being fifty-nine and twenty-nine one-hundredths miles in length, of which forty-five and nine-tenths miles are double track, and embracing, with its sidings and turnouts, one hundred and forty and eighty-eight one-hundredths miles of single track.

3. The Lebanon and Tremont Branch, extending from its junction with the said Lebanon Valley Branch at Lebanon, in the county of Lebanon, via Pine Grove, to its termini at Brookside, in said county of Schuylkill, including the Lorberry Branch from its connection with the Lebanon and Tremont Branch at Lorberry Junction to Clark's Valley; the Good Spring Branch from its connection with the Lorberry Branch at Good Spring Junction to Good Spring breaker, being sixty-five and twenty-eight one-hundredths miles in length, and embracing, with its sidings, seventy-five and fifty-seven one-hundredths miles of single track.

9. The Mahanoy and Shamokin Branch, extending from its junction with the railroad of the Mill Creek and Mine Hill Navigation and Railroad Company, near Newcastle, and from a point three hundred and sixty-five feet south of Mahanoy City Station, in the said county of Schuylkill, via Mahanoy Plane and Ashland, to Locust Dale, in the county of Columbia, and from a connection with the Mine Hill and Schuylkill Haven Railroad Company at Locust Summit, via Shamokin, Trevorton and Herndon, to its terminus at Port Trevorton, on the Susquehanna River, in the county of Snyder, including the Mahanoy City colliery branch, Elmwood colliery branch, Mahanoy City Jig House branch, Tunnel Ridge colliery branch, Fuel Plant branch, Knickerbocker colliery branch, Ellangowan colliery branch, Yatesville Washery branch, Bear Run colliery branch, Boston Run colliery branch, Draper colliery branch, Gilberton colliery branch, Snyder Coal Company branch, Lawrence colliery branch, Shenandoah Branch, West Bear Ridge Colliery branch, Hammond Branch, Hammond colliery branch, Girard Mammoth colliery branch, Old Locust Creek colliery branch, William Penn colliery branch, Turkey Run colliery branch, Kohinoor colliery branch, Shenandoah City colliery branch, Old Plank Ridge colliery branch, Indian Ridge colliery branch, Kehley Run colliery branch, Girard colliery branch, Preston No. 3 colliery branch, Potts' colliery branch, Helfenstein branch, Monitor colliery branch, Alaska colliery branch, Mount Carmel Branch, Reliance colliery branch, Mount Carmel colliery branch, Old Alaska Shaft branch, Enterprise colliery branch, Excelsior colliery branch, Old Greenback colliery branch, Buck Ridge colliery branch, Garfield colliery branch, Big Mountain colliery branch, Henry Clay colliery branch, Carbon Run Branch, Burnside colliery branch, Herndon Branch, North Franklin No. 2 colliery branch and North Franklin No. 1 colliery branch, being ninety-three and seventy-nine one-hundredths miles in length, of which twenty-six and one-tenth miles are double track, and embracing, with its sidings, one hundred and eighty-six and twenty-four one-hundredths miles of single-track railroad.

5. The Mount Carbon Branch, which extends from its junction with the said main line at Mount Carbon, in the said county of Schuylkill, to its termini at Mount Laffee and Wadesville, in the same county, being seven and forty-four one-hundredths miles in length, of which one and forty-five one-hundredth miles are double track, and embracing, with its branches and sidings, eighteen and thirty-three one-hundredths miles of single-track railroad.

6. The Schuylkill and Susquehanna Branch, extending from its junction with the said main line at Auburn, in the said county of Schuylkill, to its junction with the Pennsylvania Railroad at Rockville, in the said county of Dauphin, being fifty-three and four-tenths miles in length, and embracing, with its branches, sidings and turnouts, sixty-two and seven-tenths miles of single track.

7. The Port Kennedy Branch, extending from its junction with the said main line at Port Kennedy, in the county of Montgomery, one and two-tenths miles in length, and embracing, with its sidings and turnouts, one and three-tenths miles of single track.

8. The West Reading Branch, extending from its junction with the said Lebanon Valley Branch, in and through the city of Reading, the county of Berks, to the foot of Sixth Street, in said city, two and seventeen one-hundredths miles in length, and embracing, with its sidings and turnouts, five and twenty-five one-hundredths miles of single track.

9. The Moselem Branch, extending from its junction with the said main line at Leesport, in Berks County, and reaching with a lateral the Leesport Iron Company's furnace, one and nine-tenths miles in length, and embracing, with its laterals and sidings, a distance of two and six-tenths miles of sigle track.

10. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the first day of December, 1870, in pursuance of a lease dated November 10th, 1870, duly recorded) of, in and to the Philadelphia, Germantown and Norristown Railroad, which extends

from its junction with the said main line at Ninth and Willow Streets, in the said city of Philadelphia, to its termini at Norristown, in the said county of Montgomery, and Germantown, in the county of Philadelphia, being twenty and five-tenths miles in length, of which twenty and two-tenths miles are double-track railroad, and embracing, with its sidings and turnouts, seventy-nine and sixty-two one-hundredths miles of single track.

11. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the first day of December, 1870, in pursuance of a lease dated November 10th, 1870, duly recorded) of, in and to the Plymouth Railroad, which extends from its junction with the said Philadelphia, Germantown and Norristown Railroad at Conshohocken, in the said county of Montgomery, to its junction with the North Pennsylvania Railroad at Oreland, in the said county, being eight and nine-tenths miles in length, and embracing, with its turnouts and sidings, twelve and twenty-three one-hundredths miles of single track.

12. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for twenty years from the first day of January, 1870, in pursuance of a lease dated 17th January, 1870) of, in and to the Colebrookdale Railroad, which extends from its junction with the said main line at Pottstown, in the said county of Montgomery, through the valley of the Manatawny to Mount Pleasant, now Barto, in the said county of Berks, being twelve and nine-tenths miles in length, and embracing, with its sidings and turnouts, fifteen and nine-tenth miles of single track.

13. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the first day of May, 1869, in pursuance of a lease dated May 19th, 1869, duly recorded) of, in and to the East Pennsylvania Railroad, which extends from its junction with the said main line at Reading, in the said county of Berks, to its present ter-

minus at Allentown, in the county of Lehigh, being thirty-five and thirty-three one-hundredths miles in length, of which eighteen and twenty-three one-hundredths miles are double-track railroad, and embracing, with its sidings and laterals, seventy-one and eight one-hundredths miles of single track.

14. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the twenty-fifth day of July, 1861, in pursuance of a lease of that date, duly recorded) of, in and to the railroad of the Schuylkill Valley Navigation and Railroad Company, which extends from its junction with the Mount Carbon and Port Carbon Railroad near Port Carbon, in the said county of Schuylkill, to its junction with the railroad of the said Little Schuylkill Navigation, Railroad and Coal Company near Reevesdale, in the same county, including Brockville Branch, Eagle Hill Branch, Silver Creek Branch, Big Vein Branch and Coal Hill Branch, being sixteen and twenty-nine one-hundredths miles in length, of which five and fourteen one-hundredths miles are double-track railroad, embracing, with its sidings and turnouts, twenty-six and sixty-seven one-hundredths miles of single track.

15. Also all the estate, right, title and interest of the parties of first part (being a leasehold interest for nine hundred and ninety-nine years from the twenty-fifth day of July, 1861, in pursuance of a lease of that date, duly recorded) of, in and to the railroad of the Mill Creek and Mine Hill Navigation and Railroad Company, which extends from its junction with the said Mount Carbon and Port Carbon Railroad near Port Carbon, in the said county of Schuylkill, to its junction with the said Mahanoy and Shamokin Branch at or near Newcastle, in the same county, including North American Branch, Crow Hollow Branch, John's Branch and Jones' Branch, being six and sixty-two one-hundredths miles in length, of which three and eight-tenths miles are double track, and embracing, with its sidings and turnouts, twenty-nine and four-tenths miles of single track.

16. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for fifty years from the fifth day of March, 1860, in pursuance of a lease of that date, duly recorded) of, in and to the said Mount Carbon and Port Carbon Railroad, which extends from its junction with the said main line near Mount Carbon, in the said county of Schuylkill, to its junction with the railroads of the said Mill Creek and Mine Hill and the Schuylkill Valley Navigation and Railroad Companies at or near Port Carbon, in the same county, including Port Carbon Branch from Port Carbon Valley scales to Allison's shops, being two and ninety-six one-hundredths miles in length, of which two and fifty-four one-hundredths miles are double track, and embracing, with its sidings and turnouts, thirteen and sixty-three one-hundredths miles of single track.

17. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for the term of nine hundred and ninety years from the first day of May, A. D. 1879, in pursuance of a lease from the North Pennsylvania Railroad Company, bearing date the fourteenth day of May, A. D. 1879, duly recorded) of, in and to the main line of the railroad of the North Pennsylvania Railroad Company, extending from its terminus in Philadelphia at Willow Street to Bethlehem, in the county of Lehigh, being fifty-five and fifty-seven one-hundredths miles in length, of which fifty-four and five-tenths miles are double-track railroad, and embracing, with its sidings and laterals, other than the two branches hereinafter mentioned, one hundred and fifty-three and thirty-one one-hundredths miles of single track, and the branches of said main line of the North Pennsylvania Railroad known and designated in said lease as the "Delaware River Branch" and "Doylestown Branch," the former extending from its connection with the said main line of the North Pennsylvania Railroad at Jenkintown, in the county of Montgomery and State of Pennsylvania, to its connection with the railroad of the Delaware and Bound Brook Railroad Company at the centre of the bridge crossing the river

Delaware near Yardley, in the County of Bucks and State aforesaid, being twenty and five-tenths miles in length of double-track railroad, and embracing, with its sidings and laterals, fifty-two and one-tenth miles of single track, and the latter extending from its connection with said main line at Lansdale, in the said county of Montgomery, to Doylestown, in the said county of Bucks, being ten and fifteen one-hundredths miles in length, and embracing, with its sidings and turnouts, eleven and seventy-six one-hundredths miles of single track.

18. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for the term of nine hundred and ninety years from the first day of May, A. D. 1879, in pursuance of a lease from the Delaware and Bound Brook Railroad Company, bearing date the fourteenth day of May, A. D. 1879, duly recorded) of, in and to the railroad of the said Delaware and Bound Brook Railroad Company, extending from its connection with the Delaware River Branch of the North Pennsylvania Railroad at the centre of the bridge crossing the Delaware River near Yardley, to Bound Brook Junction, in the county of Somerset, State of New Jersey, together with the branch railroad three and seven-tenths miles in length known as the Trenton Branch, extending from its connection with the main line of said railroad at a point known as Trenton Junction, in the county of Mercer, in the State of New Jersey, to Trenton, in the said State, in all being thirty and eighty-one one-hundredths miles in length, of which twenty-seven miles are double track, and embracing, with its sidings and laterals, seventy-three and fourteen one-hundredths miles.

19. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for the term of twenty-nine years from the first day of September, A. D. 1871, in pursuance of a lease dated January 18th, 1872, duly recorded) of, in and to the railroad of the Pickering Valley Railroad Company, extending from its junction with the main line aforesaid at Phoenixville, in the county of Chester, to Byers Station, a distance of

eleven and three-tenths miles, and embracing, with its laterals and sidings, twelve and four-tenths miles of single track.

20. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for the term of nine hundred and ninety-nine years from the first day of July, A. D. 1873, in pursuance of a lease from the Philadelphia, Wilmington and Baltimore Railroad Company, bearing date the first day of July, A. D. 1873, duly recorded) of, in and to the railroad known as the Philadelphia and Chester Branch extending from Gray's Ferry, in the city of Philadelphia, to Eddystone in the county of Delaware a distance of nine and eight-tenths miles in length and embracing, with its sidings and turnouts, fifteen miles of single track.

21. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the first day of May, A. D. 1883, in pursuance of a lease of the eleventh day of April, 1883, duly recorded) of, in and to the Schuylkill and Lehigh Railroad, which extends from its southern terminus at its junction with the Wilmington and Northern Railroad, on Ezra High's farm, in Cumru Township, Berks County, to its northern terminus at or near Slatington, in Lehigh County, Pennsylvania, being forty-four miles in length, and embracing, with its sidings and turnouts, forty-nine and twenty-four one-hundredths miles of single track.

22. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the second day of July, A. D. 1883, in pursuance of a lease of that date) of, in and to the Shamokin, Sunbury and Lewisburg Railroad, which extends from Carbon Run Junction to West Milton Junction, in the State of Pennsylvania, being thirty-one and twenty-eight one hundredths miles in length, of which fourteen and eighty one-hundredths miles are double track, and embracing, with its sidings and turnouts, fifty-eight and eight one-hundredths miles

23. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for a term of nine hundred and ninety-nine years from the fifteenth day of October, A. D. 1890, in pursuance of a lease from the Philadelphia, Harrisburg and Pittsburgh Railroad Company, bearing date the fifteenth day of October, A. D. 1890, to The Philadelphia and Reading Railroad Company, duly recorded) of, in and to the railroads of the Philadelphia, Harrisburg and Pittsburgh Railroad Company, the main line of which extends from its terminus at Harrisburg, in the county of Dauphin, to Shippensburg, in the county of Cumberland, including the Philadelphia and Reading ore branch and the Cleversburg Branch, being forty-five and fifty-eight one-hundredths miles in length, and embracing, with its sidings and turnouts, fifty-six and forty-eight one-hundredths miles of single track.

24. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for a term of nine hundred and ninety-nine years from the first day of May, 1891, in pursuance of a contract and agreement made between the Philadelphia and Reading Terminal Railroad Company, The Philadelphia and Reading Railroad Company and the Provident Life and Trust Company of Philadelphia, trustee, bearing date the first day of May, A. D. 1891, duly recorded) of, in and to the Philadelphia and Reading Terminal Railroad, which extends from its connection with the Philadelphia, Germantown and Norristown Railroad at Fairmount Avenue, and from its connection with the main line of The Philadelphia and Reading Railroad Company at Broad Street, to its terminus at Twelfth and Market Streets, within the city of Philadelphia, being one and three-tenths miles in length of double track, and embracing, with its sidings and turnouts, five and sixty-eight one-hundredths miles of single track.

25. Also all the estate, right, title and interest of the parties of the first part (being a leasehold interest for nine hundred and ninety-nine years from the tenth day of

July, 1889, in pursuance of a contract and agreement made between the Allentown Terminal Railroad Company, the Lehigh Coal and Navigation Company and The Philadelphia and Reading Railroad Company, bearing date the tenth day of July, 1889, duly recorded) of, in and to the Allentown Terminal Railroad, extending from its point of connection with the Lehigh and Susquehanna Railroad, in Hanover Township, Lehigh County, crossing the Lehigh River and Kline's Island in and through Saulsburg Township to the city of Allentown, and recrossing the Lehigh River to its northern connection with the Lehigh and Susquehanna Railroad and also the branch from a point near the Barber Branch of the Lehigh Valley Railroad to a connection with the East Pennsylvania Railroad, and another branch from the connection with the East Pennsylvania Railroad to the main line of the Allentown Terminal Railroad, being three and one-third miles in length.

Being a part of the same railroads and interests in railroads conveyed to the said Charles Henry Coster and Francis Lynde Stetson by deed of The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, dated the twenty-third day of October, 1896, and by the deed of The Philadelphia and Reading Railroad Company to said Charles Henry Coster and Francis Lynde Stetson, bearing date the twenty-third day of October, 1896, as by reference to said deeds, duly recorded, will more fully and at large appear.

Together with all the sidings, stations, depots, wharves, yards, rights of way, superstructure, branches and appurtenances connected with or relating to the said railroads and premises or any of them.

Together with all the easements, rights, privileges, hereditaments and appurtenances whatsoever unto any of the hereby granted and mentioned premises and the estate belonging and appertaining, or to belong and appertain, and the reversions and remainders, rents, issues, profits and income thereof, and all the estate, right, title and interest, property, claim and demand of every nature

and kind whatsoever of the said parties of the first part, as well at law as in equity, of, in and to the same and every part and parcel thereof.

And together also with all and every the right, title, estate and interest which The Philadelphia and Reading Railroad Company had in or to the property and premises hereinabove described and mentioned on the third day of January, 1888, or at any time thereafter acquired, excepting the following leases and contracts which the parties of the first part hereto have elected, and do elect, not to assume or adopt, to which several contracts of the respective dates hereinafter stated The Philadelphia and Reading Railroad Company and the several persons or corporations hereinafter named, respectively, were parties, viz:—

The Philadelphia and Reading Railroad Company and East Trenton Railroad Company, May 1st, 1888.

The Philadelphia and Reading Railroad Company and Pennsylvania Warehousing and Safe Deposit Company, December 22d, 1890.

The Philadelphia and Reading Railroad Company and Wilmington and Northern Railroad Company, May 16th, 1879.

The Philadelphia and Reading Railroad Company, Jersey Shore, Pine Creek and Buffalo Railway Company, Fall Brook Coal Company, the Beech Creek, Clearfield and Southwestern Railroad Company and Clearfield Bituminous Coal Company, April 13th, 1883.

The Philadelphia and Reading Railroad Company and Lancaster and Reading Narrow Gauge Railroad Company, March 25th, 1874.

Schuylkill Navigation Company and The Philadelphia and Reading Railroad Company, July 12th, 1870.

Susquehanna Canal Company and The Philadelphia and Reading Railroad Company, January 2d, 1872.

The Philadelphia and Reading Railroad Company and City Trust, Safe Deposit and Surety Company, and Missouri, Kansas and Texas Trust Company, December 28th, 1891, and May 23d, 1893.

North River Coal and Wharf Company and The Philadelphia and Reading Railroad Company, December 7th, 1888, and January 5th, 1889.

The Philadelphia and Reading Railroad Company and the Williams Valley Railroad Company, November 30th, 1891, and April 2d, 1892.

The Philadelphia and Reading Railroad Company, Reading and Columbia Railroad Company, Cornwall Railroad Company and Cornwall and Mt. Hope Railroad Company, September 22d, 1883.

The Philadelphia and Reading Railroad Company and Samuel Crothers, August 5th, 1889.

New York and New England Railroad Company, West Shore Railroad Company, Lake Shore and Michigan Southern Railroad Company, Cleveland, Cincinnati, Chicago and St. Louis Railway Company, Fall Brook Railway Company, The Philadelphia and Reading Railroad Company and Central Railroad Company of New Jersey, November 16th, 1893.

Atkins Brothers and Pottsville Iron and Steel Company, successors of Atkins Brothers, and The Philadelphia and Reading Railroad Company, June 27th, 1872, and June 14th, 1889.

The Philadelphia and Reading Railroad Company, Pickering Valley Railroad Company and Delaware River and Lancaster Railroad Company, May 14th, 1890.

Philadelphia and West Chester Railroad Company and The Philadelphia and Reading Railroad Company, July 5th, 1892.

The Philadelphia and Reading Railway Company and Charles M. Taylor's Sons, March 16th, 1894.

Estate of Charles Wheeler and The Philadelphia and Reading Railroad Company, December 22d, 1891.

The Philadelphia and Reading Railroad Company and Excelsior Coal Mining Company, February 16th, 1889.

Philadelphia and Northern Railroad Company, The Philadelphia and Reading Railroad Company, Philadelphia and Reading Terminal Railroad Company and Provident Life and Trust Company, August 1st, 1892.

The Philadelphia and Reading Railroad Company and C. F. Kindred and others, July 28th, 1893.

Iron Steamboat Company and The Philadelphia and Reading Railroad Company, January 11th, 1893.

Chestnut Hill Railroad Company and The Philadelphia and Reading Railroad Company, November 30th, 1870.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company, Edward M. Paxson, Joseph S. Harris and John Lowber Welsh, Receivers; Frederic P. Olcott *et al.*, committee; Finance Company of Pennsylvania and Pennsylvania Warehousing and Safe Deposit Company, June 18th, 1895.

The Pennsylvania Warehousing and Safe Deposit Company and The Philadelphia and Reading Railroad Company, February 19th, 1890.

The Pennsylvania Warehousing and Safe Deposit Company and The Philadelphia and Reading Railroad Company, May 20th, 1892, and July 1st, 1892.

The Philadelphia and Reading Railroad Company and Guarantee Trust and Safe Deposit Company, trustee, May 20th, 1892.

The Philadelphia and Reading Railroad Company and Guarantee Trust and Safe Deposit Company, trustee, July 1st, 1892.

The Philadelphia and Reading Railroad Company and Pennsylvania Warehousing and Safe Deposit Company, May 20th, 1892.

Guarantee Trust and Safe Deposit Company, The Philadelphia and Reading Railroad Company and Pennsylvania Warehousing and Safe Deposit Company, May 20th, 1892, and July 1st, 1892.

The Philadelphia and Reading Railroad Company and Guarantee Trust and Safe Deposit Company, trustee, January 26th, 1894.

New York Central and Hudson River Railroad Company, the Geneva and Lyons Railroad Company, the Syracuse, Geneva and Corning Railway Company, the Corn--

ing, Cowanesque and Antrim Railway Company, Fall Brook Coal Company, the Jersey Shore, Pine Creek and Buffalo Railway Company, The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company, February 4th, 1882.

New York Central and Hudson River Railroad Company, The Philadelphia and Reading Railroad Company, the Corning, Cowanesque and Antrim Railway Company, the Jersey Shore, Pine Creek and Buffalo Railway Company and William H. Vanderbilt, February 4th, 1882.

New York Central and Hudson River Railroad Company, Fall Brook Coal Company, the Jersey Shore, Pine Creek and Buffalo Railway Company, The Philadelphia and Reading Railroad Company and others, April 1st, 1882.

New York Central and Hudson River Railroad Company, Fall Brook Coal Company, the Jersey Shore, Pine Creek and Buffalo Railway Company, The Philadelphia and Reading Railroad Company and others, July 15th, 1882.

New York Central and Hudson River Railroad Company, The Philadelphia and Reading Railroad Company, Corning, Cowanesque and Antrim Railway Company, Jersey Shore, Pine Creek and Buffalo Railway Company and William H. Vanderbilt, July 15th, 1882.

Coxe Bros. & Co., Cross Creek Coal Company and The Philadelphia and Reading Railroad Company, May 14th, 1891.

The Philadelphia and Reading Railroad Company and the Delaware, Susquehanna and Schuylkill Railroad Company, May 14th, 1891.

Baltimore and Ohio Railroad Company, Baltimore and Philadelphia Railroad Company, The Philadelphia and Reading Railroad Company, the Schuylkill River East Side Rail-Railroad Company, November 6th, 1885.

Same parties, November 6th, 1885.

Baltimore and Ohio Railroad Company, Baltimore and Philadelphia Railroad Company, The Philadelphia and Reading Railroad Company, the Schuylkill River East Side

Railroad Company and Central Railroad Company of New Jersey, July 27th, 1886.

The Schuylkill River East Side Railroad Company, Baltimore and Ohio Railroad Company, Baltimore and Philadelphia Railroad Company and The Philadelphia and Reading Railroad Company, November 6th, 1885.

Pullman's Palace Car Company and The Philadelphia and Reading Railroad Company, March 23d, 1889, February 18th, 1893.

The Philadelphia and Reading Railroad Company and Pennsylvania Railroad Company, June 8th, 1887, and June 17th, 1887.

The Philadelphia and Reading Railroad Company and Philadelphia, Reading and New England Railroad Company, August 1st, 1892.

Lehigh Valley Railroad Company and The Philadelphia and Reading Railroad Company, February 11th, 1892.

Pennsylvania Company for Insurances on Lives and Granting Annuities and The Philadelphia and Reading Railroad Company, November 22d, 1888.

Western Maryland Company, The Philadelphia and Reading Railroad Company and the Harrisburg and Potomac Railroad Company, June 12th, 1889.

Buffalo, Rochester and Pittsburgh Railway Company, New York Central and Hudson River Railroad Company and The Philadelphia and Reading Railroad Company, May 10th, 1892.

Bloomsburg and Sullivan Railroad Company, Rupert and Bloomsburg Railroad Company, Bloomsburg Belt Railroad Company and The Philadelphia and Reading Railroad Company, May 13th, 1892.

To Have and to Hold the railroads, premises and estates hereby granted or mentioned, or intended so to be, with the appurtenances, unto the said Philadelphia and Reading Railway Company, its successors and assigns, forever.

Subject, nevertheless, to the prior liens and incumbrances so far as they respectively attach to the premises hereby conveyed, or any part thereof, as provided in the deed of The

Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, to the said Charles Henry Coster and Francis Lynde Stetson, bearing date the twenty-third day of October, 1896, and duly recorded.

And subject, also, to all the liabilities and obligations of every kind and nature whatsoever which have been incurred in any way by the said Charles Henry Coster and Francis Lynde Stetson from the time they acquired the title to said railroads, estates and premises, or as a condition of the acquisition thereof, all of which as part of the consideration of this grant the party of the second part hereby assumes and agrees to pay and perform.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals, this sixteenth day of November, 1896.

C. H. COSTER, [L. S.]
EMILY PELL COSTER. [L. S.]

FRANCIS LYNDE STETSON. [L. S.]
ELIZABETH R. STETSON. [L. S.]

Signed, sealed and delivered
in the presence of:
WM. H. BRUDER.

Interlineation before
delivery:
W. R TAYLOR.

STATE OF NEW YORK,
CITY AND COUNTY OF NEW YORK, } *ss.*

On the sixteenth day of November, 1896, before me, the subscriber, a notary public for the city and county of New York, personally appeared the above-named Charles Henry Coster and Emily P. his wife, and Francis Lynde Stetson and Elizabeth his wife, who severally, in due form of law, acknowledged the foregoing deed to be their act and deed, to the end that the same might be recorded as such.

The said Emily P. Coster and Elizabeth R. Stetson, both being of full age and by me examined separate and apart from their said husbands, and the contents of the foregoing deed being first made fully known to them, declared that they did voluntarily and of their own free will and accord seal, and as their act and deed deliver the same without any coercion or compulsion of their said husbands.

Witness my hand and official seal the day and year aforesaid.

[SEAL]

WM. H. BRUDER,
Notary Public (201),
New York County.

STATE OF NEW YORK,
CITY AND COUNTY OF NEW YORK, } *ss.*

I, Henry D. Purroy, clerk of the city and county of New York, and also clerk of the Supreme Court for the said city and county, the same being a court of record, do hereby certify that William H. Bruder, whose name is subscribed to the certificate of the proof or acknowledgment of the annexed instrument and thereon written, was, at the time of taking such proof or acknowledgment, a notary public in and for the city and county of New York, dwelling in the said city, commissioned and sworn and duly authorized to take the same. And further that I am well acquainted with the handwriting of such notary and verily believe that the signature to the said certificate of proof or acknowledgment is genuine.

In Testimony Whereof, I hereunto set my name and affix the seal of the said court and county the sixteenth day of November, 1896.

HENRY D. PURROY,
Clerk.

[SEAL]

AGREEMENT.

Philadelphia and Reading Railway Company

with

Charles H. Coster and Francis Lynde Stetson, Purchasers.

This Agreement, Made this eighteenth day of November, 1896, by and between *Philadelphia and Reading Railway Company*, a corporation organized and existing under the laws of the State of Pennsylvania (hereinafter called the Company), party of the first part, and *Charles H. Coster* and *Francis Lynde Stetson* (hereinafter called the Purchasers), parties of the second part, *Witnesseth as follows:*

Whereas, The parties of the second part were the purchasers of the property and franchises of The Philadelphia and Reading Railroad Company, situated in the State of Pennsylvania, at the foreclosure sale thereof on the twenty-third day of September, 1896, under and in pursuance of a judgment and decree of the Circuit Court of the United States for the Eastern District of Pennsylvania, and under certain deeds of conveyance thereof, made, executed and delivered October 23d, 1896, one by The Pennsylvania Company for Insurances on Lives and Granting Annuities as trustee under a certain mortgage or deed of trust of The Philadelphia and Reading Railroad Company, called the General Mortgage, bearing date the third day of January, 1888, and the other by said The Philadelphia and Reading Railroad Company;

And Whereas, The Purchasers in accordance with the Act of Assembly in such case made and provided, and after

due notice, duly met for the purpose of organizing a new corporation upon the seventeenth day of November, 1896, at the Reading Terminal, Market and Twelfth Streets, in the city of Philadelphia, at 9.30 o'clock in the morning of that day;

And Whereas, Then and there, the party of the first part having been duly organized as such new corporation, the parties of the second part did tender and deliver to it a deed of conveyance of property and franchises formerly of The Philadelphia and Reading Railroad Company, which deed of conveyance was delivered to and accepted by the party of the first part upon the express condition and agreement that it would enter into and execute with the parties of the second part the covenants and conditions of this agreement then and there exhibited to the said corporators;

Now, therefore, in consideration of the premises and of the mutual promises and agreements hereinafter contained, the said parties do hereby promise and agree as follows, to wit:—

First.

1. The Company will forthwith issue and deliver to the Purchasers, jointly and not severally, or to their survivors or successors, or upon their order, certificates for 399,993 shares of its fully paid and non-assessable stock.

2. The Company will forthwith make and execute, and cause to be recorded, its mortgage securing a present issue of $20,000,000 of bonds, and $10,000,000 additional bonds, to be issued only as provided in such mortgage, and will make and execute and cause to be certified and delivered to the Purchasers, jointly and not severally, and to their survivors and successors, or upon their order, $20,000,000 of such bonds first to be issued; such bonds and mortgage to be substantially of the character and description set forth in the printed form heretofore submitted to the Company.

3. The Company from time to time, on demand of the Purchasers, will pay to them or to their order all such sums

as they or either of them shall have incurred or may hereafter incur for expenses in and about the operation of the railroad, property and franchises transferred by said deed over and above the net receipts applicable thereto from the acquisition thereof by the said Purchasers, and will indemnify and hold harmless the Purchasers, and each of them, from and against any and all costs, expenses, liabilities and charges whatsoever incurred, or which may be incurred by the Purchasers, or either of them, in connection with such operation or management thereof, or by reason of any acts by them done or suffered to be done thereunder.

SECOND.

4. The Purchasers, from time to time, will make or cause to be made conveyances and assignments to the Company suitable and sufficient to invest it with the title to all of the rights, property and franchises described in the said deed which the said purchasers now have or hereafter may acquire therein or thereto, so as to enable the Company to have, enjoy and possess all of the rights, powers and privileges, and to become the owner of all and singular the railroads, properties and franchises described in the deed of said Purchasers, so far as they have acquired, or hereafter shall acquire, the same, or any part thereof.

THIRD.

5. The Company and the Purchasers, from time to time, in all particulars, will co-operate with and assist each other in fully accomplishing the purposes of said deed and of this agreement, which at any and all times may be modified, extended or enlarged by the agreement of the parties hereto.

In Witness Whereof, The Company, by the authority of its board of directors, each and every of its stockholders consenting thereto, has caused these presents to be executed and delivered by its president under its corporate seal, attested by its secretary; and the Purchasers have hereunto

set their hands and seals, the day and year first above mentioned.

PHILADELPHIA AND READING RAILWAY COMPANY,

By

J. S. HARRIS,
President.

[SEAL]

Attest:

W. R. TAYLOR,
Secretary.

C. H. COSTER,
FRANCIS LYNDE STETSON,
Purchasers.

The undersigned, stockholders of the Philadelphia and Reading Railway Company, hereby assent to and approve of the foregoing agreement.

J. S. HARRIS,
THOMAS McKEAN,
JNO. LOWBER WELSH,
GEO. C. THOMAS,
GEO. F. BAER,
FRANCIS LYNDE STETSON,
C. H. COSTER.

DEED.

CHARLES H. COSTER AND FRANCIS LYNDE STETSON TO THE PHILADELPHIA AND READING COAL AND IRON COMPANY. DATED NOVEMBER 18TH, 1896.

THIS INDENTURE, Made this eighteenth day of November, in the year one thousand eight hundred and ninety-six, between *Charles Henry Coster and Emily P.* his wife, of Tuxedo, Orange County, New York, and *Francis Lynde Stetson and Elizabeth R.* his wife, of the city, county and State of New York, parties of the first part, and *The Philadelphia and Reading Coal and Iron Company*, a corporation of the State of Pennsylvania, party of the second part:

WHEREAS, The parties of the first part were the purchasers of the property of The Philadelphia and Reading Coal and Iron Company at the foreclosure sale thereof, on the twenty-third day of September, 1896, under and in pursuance of a judgment and decree of the Circuit Court of the United States for the Eastern District of Pennsylvania, and under certain deeds of conveyance thereof, made, executed and delivered October 23d, 1896, one by The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under a certain mortgage or deed of trust of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, called the General Mortgage, bearing date the third day of January, 1888, and the other by said The Philadelphia and Reading Coal and Iron Company, which deeds, dated as aforesaid, were duly recorded in the office of the recorder of deeds of the several counties wherein the property therein mentioned is situate:

AND WHEREAS, After careful appraisement of the several properties embraced in the said deeds of conveyance and hereinafter conveyed it has been ascertained and determined, and is agreed and understood by and between the

parties hereto, that the fair value of all such properties now exceeds $100,000,000, exclusive of the prior liens and obligations now existing thereon and in respect thereof;

And Whereas, The parties of the first part did also purchase, and now own and possess, certain claims or demands for an aggregate principal sum exceeding $69,000,000 formerly of The Philadelphia and Reading Railroad Company against the party of the second part, as follows, to wit:—

(1.) A mortgage bond of the party of the second part, dated July 1st, 1874, for the sum of	$30,000,000 00
(2.) A mortgage bond of the party of the second part, dated December 28th, 1876, for the sum of	10,000,000 00
(Subject to all prior charges and claims against said two mortgage bonds.)	
(3.) Loan account, representing cash advances	24,879,336 16
(4.) Current business account, approximating	4,300,000 00

And Whereas, It is the desire and intention of the parties hereby to vest in and to transfer to the party of the second part the titles to the several properties hereinafter described, free and discharged from the four claims before mentioned, which four claims (subject to a prior pledge of said two mortgage bonds) are hereby transferred to the party of the second part;

Now therefore, in consideration of the premises and of the execution and expected performance of a certain agreement of even date herewith, made, executed and delivered by the party of the second part to the said Charles H. Coster and Francis Lynde Stetson, and of the sum of one dollar to them in hand paid, the receipt whereof is hereby acknowledged and confessed, the parties of the first part have granted, bargained, sold, aliened, released, remised and confirmed, and by these presents do grant, bargain, sell, alien, release, remise and confirm unto said The Philadelphia and Reading Coal and Iron Company and its successors and assigns forever:—

First.—All and singular the coal lands, coal leases, iron-ore lands, furnace properties and other real estate; and also

all railroads and all branches, extensions, sidings and turnouts of any railroad belonging to said The Philadelphia and Reading Coal and Iron Company upon January 3d, 1888, or at any time thereafter, or now in any manner acquired or held by or for its benefit or in trust for it; and also all lands, coal leases, iron-ore leases, mines, collieries, breakers, engines, workshops, machinery, offices, buildings, improvements, tenements and hereditaments by the said Coal and Iron Company owned upon January 3d, 1888, or thereafter in any manner acquired by it or for its benefit or in trust for it; and all yards, depots and wharves, including all right, title and interest of the said Coal and Iron Company or the Receivers thereof in such yards, depots and wharves; and all locomotives, tenders, coal cars and carriages, and all other engines, cars, rolling stock, tools, implements, horses, mules and materials; and also all estate, right, title, interest, property claim and demand of every nature and kind whatsoever of the Coal and Iron Company in such property; together with certain shares of capital stock of other corporations; all as specified in the said above-mentioned deeds of October 23d, 1896, to Coster and Stetson, and therein designated "The Second Parcel;" subject, however, to the prior pledges, mortgages and liens upon the said property or any part thereof, so far as applicable thereto, as mentioned in said deeds; reference being hereby made to the said several deeds and to the records thereof for the further specification and identification of the property hereby granted and conveyed, or intended so to be;

Together with all the property, real, personal and mixed of every character and description, and any and all beneficial interest therein, formerly acquired by The Philadelphia and Reading Coal and Iron Company or by the Receivers of The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of the same, or to which, or to any beneficial interest in which, the parties of the first part as purchasers at said foreclosure sale of The Philadelphia and Reading Coal and Iron Company are or may become entitled; including all materials and sup-

plies and other property, rights, equity and equities of redemption in which the said parties of the first part, as such purchasers as aforesaid have or can have any interest whatever;

But excepting from the grant and conveyance of this instrument any and all property heretofore conveyed or transferred under the powers reserved in said General Mortgage, and excepting also all cash and securities received or held in consideration of the release of any such property;

And also excepting all bills and accounts receivable and cash (all of which are hereby reserved by the purchasers).

And excepting also the following leases and contracts which the parties of the first part hereto have elected and do elect not to assume or adopt, to which several contracts of the respective dates hereinafter stated The Philadelphia and Reading Coal and Iron Company and the several persons or corporations hereinafter named respectively were parties, viz.:—

(1.) The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company, Edward M. Paxson, Joseph S. Harris and John Lowber Welsh, Receivers; Frederic P. Olcott *et al.*, committee; Finance Company of Pennsylvania and the Pennsylvania Warehousing and Safe Deposit Company, dated June 18th, 1895.

(2.) New York Central and Hudson River Railroad Company, the Geneva and Lyons Railroad Company, the Syracuse, Geneva and Corning Railroad Company, the Corning, Cowanesque and Antrim Railway Company, Fall Brook Coal Company, the Jersey Shore, Pine Creek and Buffalo Railway Company, The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated February 4th, 1882.

To Have and to Hold the several coal lands, coal leases, iron-ore lands, furnace properties and other estate, real and personal, hereby granted or mentioned, or intended so to be, with the appurtenances, unto said The Philadelphia and

Reading Coal and Iron Company, its successors and assigns, forever.

Second.—Also all the right, title and interest of the parties of the first part, or either of them, in and to the following mortgage bonds now pledged as security for the payment of the so-called sinking fund loan of 1892 of The Philadelphia and Reading Railroad Company, to wit: Seven per cent. mortgage bonds of the Preston Coal and Improvement Company for the aggregate principal sum of $1,087,000; six per cent. mortgage bonds of the Tremont Coal Company for $900,000 and eight per cent. mortgage bonds of the Mammoth Vein Coal and Iron Company for $209,000.

Subject nevertheless, to the prior liens and incumbrances, so far as they respectively attach to the premises hereby conveyed, or any part thereof, as provided in the said deed of The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, to the said Charles Henry Coster and Francis Lynde Stetson, bearing date the twenty-third day of October, 1896;

And subject also to all the liabilities and obligations of every kind and nature whatsoever which have been incurred in any way by the said Charles Henry Coster and Francis Lynde Stetson from the time they acquired the title to the said granted premises or as a condition of the acquisition thereof, all of which, as part of the consideration of this grant, the party of the second part hereby assumes and agrees to pay and perform.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals, this eighteenth day of November, 1896.

C. H. COSTER, [SEAL]
EMILY PELL COSTER, [SEAL]
FRANCIS LYNDE STETSON. [SEAL]
ELIZABETH R. STETSON. [SEAL]

Signed, sealed and delivered
in presence of:
WM. H. BRUDER.

STATE OF NEW YORK,
CITY AND COUNTY OF NEW YORK, } *ss.*

On the twenty-third day of November, 1896, before me, the subscriber, a notary public for the city and county of New York, personally appeared the above-named Charles Henry Coster and Emily P. his wife, and Francis Lynde Stetson and Elizabeth R. his wife, who severally and in due form of law acknowledged the foregoing deed to be their act and deed, to the end that the same might be recorded as such. The said Emily P. Coster and Elizabeth R. Stetson, both being of full age and by me examined separate and apart from their said husbands, and the contents of the foregoing deed being first made fully known to them, declared that they did voluntarily and of their own free will and accord seal, and as their act and deed deliver the same without any coercion or compulsion of their said husbands.

Witness my hand and official seal the day and year aforesaid.

[SEAL]

WM. H. BRUDER,
Notary Public (201),
New York County.

STATE OF NEW YORK,
CITY AND COUNTY OF NEW YORK, } *ss.*

I, Henry D. Purroy, clerk of the city and county of New York and also clerk of the Supreme Court for the said city and county, the same being a court of record, do hereby certify that William H. Bruder, whose name is subscribed to the certificate of the proof or acknowledgment of the annexed instrument and thereon written, was, at the time of taking such proof or acknowledgment, a notary public in for the city and county of New York, dwelling in the said city, commissioned and sworn and duly authorized to take the same. And further, that I am well acquainted with the handwriting of such notary and verily believe that the signature to the said certificate of proof or acknowledgment is genuine.

In Testimony Whereof, I hereunto set my name and affix the seal of the said court and county, the twenty-third day of November, 1896.

HENRY D. PURROY,
Clerk.

[SEAL]

AGREEMENT.

THE PHILADELPHIA AND READING COAL AND IRON COMPANY

with

CHARLES H. COSTER AND FRANCIS LYNDE STETSON, PURCHASERS.

THIS AGREEMENT, Made this eighteenth day of November, one thousand eight hundred and ninety six, by and between *The Philadelphia and Reading Coal and Iron Company*, a corporation organized and existing under the laws of the State of Pennsylvania hereinafter called the Company), party of the first part, and *Charles H. Coster* and *Francis Lynde Stetson* (hereinafter called the Purchasers), parties of the second part, *Witnesseth as follows:*—

WHEREAS, The parties of the second part were the purchasers of the property of The Philadelphia and Reading Coal and Iron Company, at the foreclosure sale thereof on the twenty-third day of September, 1896, under and in pursuance of a judgment and decree of the Circuit Court of the United States for the Eastern District of Pennsylvania, and under certain deeds of conveyance thereof made, executed and delivered October 23d, 1896, one by the Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under a certain mortgage or deed of trust of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, called the General Mortgage, bearing date the third day of January, 1888, and the other by said The Philadelphia and Reading Coal and Iron Company;

AND WHEREAS, The parties of the second part have this day tendered and delivered to the Company, the party of the first part, a deed of conveyance of property formerly of The Philadelphia and Reading Coal and Iron Company, which deed of conveyance was delivered to and accepted by the party of the first part upon the express condition and agree-

ment that it would enter into and execute with the parties of the second part the covenants and conditions of this agreement;

Now, therefore, in consideration of the premises and of the mutual promises and agreement hereinafter contained, the said parties do hereby promise and agree as follows, to wit:—

First.—When and as requested by the Purchasers or by their assigns (either individual or corporate), by them from time to time designated, the Company will join in the execution, as co-obligor, of bonds for the aggregate principal sum of one hundred and thirty-five million dollars, bearing interest at the rate of four per cent. per annum, payable semi-annually, both principal and interest being payable in gold coin of the United States of the present standard of weight and fineness, and the principal payable on the first day of January, 1997:

Provided, That (1) not more than fifty-four million dollars of such bonds shall be presently issued for the general purposes of the Purchasers or of their assigns; that (2) of the remainder of such authorized issue, sixty-five million five hundred and fifty thousand dollars shall be used to acquire various outstanding bonds of The Philadelphia and Reading Railroad Company including the collateral sinking fund loan of the Railroad Company of 1892, for the principal sum of one million seven hundred and seventy-four thousand dollars, which loan the Coal and Iron Company hereby assumes and agrees to pay), and the outstanding bonds of The Philadelphia and Reading Coal and Iron Company, approximately amounting to the principal sum of twelve million five hundred thousand dollars; that (3) of the remainder of said authorized issue, twenty million dollars shall be reserved and used for the acquisition of property ultimately to be devoted to the security of such bonds; and that (4) the Purchasers or their assigns shall make, execute and deliver a mortgage or deed of trust, granting, conveying and pledging, as security for the payment of all

such bonds, assets of the Purchasers or their assigns which shall have been acquired by the Purchasers under or in pursuance of the said proceedings for the foreclosure of the General Mortgage of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, it being intended to include under such mortgage (either directly or by collateral trust) substantially all the property of The Philadelphia and Reading Railroad Company, subject to such deductions therefrom or changes therein as the Purchasers or their assigns, for business reasons, may decide not to include under such mortgage.

Second.—The Company will also join in said mortgage last above proposed, and will grant, pledge and convey thereunder, as additional security for the bonds above proposed, all of its property and franchises of every name and nature.

Third.—In case the property or assets of the Company shall be used or taken for the payment or discharge of any obligation of any kind under the said bonds or mortgage, the Company, to the extent of such payment or appropriation of its property in excess of one-half of the aggregate sum payable under such bonds, shall have a claim for the amount of such excess against the party joining with it in the execution of said bonds and the mortgage securing the same.

In Witness Whereof, The parties hereto have caused these presents to be executed the day and year first above written.

THE PHILADELPHIA AND READING COAL AND IRON COMPANY,

By

J. S. HARRIS,
President.

Attest:

F. P. KAERCHER,
Secretary.

[SEAL]

C. H. COSTER, [L. S.]

FRANCIS LYNDE STETSON [L. S.]

CIRCULAR ANNOUNCING SURRENDER OF PROPERTY.

JOSEPH S. HARRIS, EDWARD M. PAXSON, JOHN LOWBER WELSH, RECEIVERS OF THE PHILADELPHIA AND READING RAILROAD COMPANY.

Office of the Receivers, Reading Terminal.

PHILADELPHIA, November 18th, 1896.

The undersigned Receivers of The Philadelphia and Reading Railroad Company will at midnight of November 30th, 1896, deliver to the Philadelphia and Reading Railway Company possession of all the railroads and franchises of The Philadelphia and Reading Railroad Company, excepting such leasehold and other estates as the purchasers shall have elected not to adopt or assume.

All business of the Receivers of The Philadelphia and Reading Railroad Company up to and including that for the month of November, 1896, and all reports covering the same, should be accounted for and sent, and all moneys appertaining to same should be remitted on account of the Philadelphia and Reading Railway Company.

As the undersigned will cease to operate said railroad at midnight of November 30th, 1896, the employment by them of all officers, agents and employees will then terminate.

JOSEPH S. HARRIS,
EDWARD M. PAXSON,
JOHN LOWBER WELSH,
Receivers.

CIRCULAR ANNOUNCING SURRENDER OF PROPERTY.

JOSEPH S. HARRIS, EDWARD M. PAXSON, JOHN LOWBER WELSH, RECEIVERS OF THE PHILADELPHIA AND READING COAL AND IRON COMPANY.

Office of the Receivers, Reading Terminal.

PHILADELPHIA, November 18th, 1896.

The undersigned Receivers of The Philadelphia and Reading Coal and Iron Company, pursuant to the direction and request of Charles S. Coster and Francis Lynde Stetson, purchasers at the date of sale, will, at midnight of November 30th, 1896, deliver to said Company possession of all the property and franchises heretofore held by them.

After that date all business of the Receivers up to and including that for the month of November, 1896, and all reports covering the same, should be accounted for and sent, and all moneys appertaining to same should be remitted as heretofore either to The Philadelphia and Reading Coal and Iron Company or to the Finance Company of Pennsylvania, commercial agents, for the account of The Philadelphia and Reading Coal and Iron Company.

As the undersigned will cease to operate said property at midnight of November 30th, 1896, the employment by them of all officers, agents and employees will then terminate.

JOS. S. HARRIS,
EDWARD M. PAXSON,
JOHN LOWBER WELSH,
Receivers.

REQUEST OF CHARLES H. COSTER AND FRANCIS LYNDE STETSON TO THE RECEIVERS TO SURRENDER PROPERTY.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

April Sessions, 1895. No. 9.

IN EQUITY.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

To Messrs. Joseph S. Harris, Edward M. Paxson, J. Lowber Welsh, Receivers.

GENTLEMEN:—We refer you to the decree of confirmation herein, entered in this court on the third day of October, 1896, and to the provisions thereof, as follows, to wit:—

"On exhibition of the deed executed and delivered by the trustee as herein ordered, and upon the written request of the grantees thereunder, the Receivers of this court are authorized, directed and required to let the said purchasers and their assigns into possession of the premises conveyed; and the Receivers, or any party in this cause having possession thereof, shall deliver such property over to the purchasers or their assigns together with any and all income, proceeds of income, bills and accounts receivable, cash and other property, acquired or received by the Receivers in the management or operation of the mortgaged premises, to be

embraced in the conveyance thereof or pertaining thereto; and also any and all property appurtenant to the premises and acquired for use in connection with or for the purposes or business of said companies, invested in or standing in the name of the said Receivers or to which the said Receivers in any manner have acquired title."

And we herewith exhibit to you the following deeds, to wit:—

I. The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, to Charles H. Coster and Francis Lynde Stetson, dated October 23d, 1896.

II. Charles H. Coster and Francis Lynde Stetson to Philadelphia and Reading Railway Company, dated 16th November, 1896.

III. Charles H. Coster and Francis Lynde Stetson, to The Philadelphia and Reading Coal and Iron Company, dated 18th November, 1896.

And we do hereby request that upon Monday, the thirtieth day of November, 1896, at 12 o'clock midnight, you, as Receivers, in pursuance of said decree, will let us, as the said purchasers mentioned in said decree, and the Philadelphia and Reading Railway Company and The Philadelphia and Reading Coal and Iron Company, as our assigns, respectively, into possession of the premises conveyed by the said deed to us from The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee, in the manner following, to wit: —

That at the said hour you will let the Philadelphia and Reading Railway Company into possession of the premises to it conveyed by our said deed No. II, and that you will let The Philadelphia and Reading Coal and Iron Company into possession of the premises mentioned and described in our said deed No. III, and that you will deliver to them respectively any and all income, proceeds of income, bills and accounts receivable, cash and other property, acquired or re-

ceived by you in the management or operation of the several parcels of the mortgaged premises so conveyed to them respectively; and to us all the other property mentioned and conveyed in the trustee's deed to us; excepting and excluding, however, from this demand and from such delivery all of the several leases and contracts specified in the said two deeds from us, which, as well as the leases and contracts concerning the five following properties, viz., Mine Hill and Schuylkill Haven Railroad Company, Catawissa Railroad Company, Little Schuylkill Navigation Railroad and Coal Company, including East Mahanoy Railroad Company and the Chestnut Hill Railroad Company, we have elected and do elect not to assume or adopt.

C. H. COSTER,
FRANCIS LYNDE STETSON,
Purchasers.

Dated NOVEMBER 24th, 1896.

REQUEST OF THE PHILADELPHIA AND READING RAILWAY COMPANY TO THE RECEIVERS TO SURRENDER PROPERTY.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

April Sessions, 1895. No. 9.

IN EQUITY.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants.

TO MESSRS. JOSEPH S. HARRIS, EDWARD M. PAXSON, J. LOWBER WELSH, RECEIVERS.

GENTLEMEN:—Referring to a request dated November 24th, 1896, addressed to you by Charles H. Coster and Francis Lynde Stetson, purchasers, the undersigned, the Philadelphia and Reading Railway Company, the grantee of the said purchasers named in their deed No. II., dated 16th November, 1896, as grantee and assignee of the said Coster and Stetson, do hereby request you to deliver to it the possession of the premises in said deed mentioned, and also any and all income, proceeds of income, bills and accounts receivable, cash and other property, acquired or received by you in the management or operation of the several parcels of the mortgaged premises mentioned in said deed No. II., subject to the exceptions contained in the said request of the said purchasers.

PHILADELPHIA AND READING RAILWAY COMPANY,

By

J. S. HARRIS,
President.

[SEAL]

Attest:

W. R. TAYLOR,
Secretary.

Dated NOVEMBER 24th, 1896.

REQUEST OF THE PHILADELPHIA AND READING COAL AND IRON COMPANY TO THE RECEIVERS TO SURRENDER PROPERTY.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

April Sessions, 1895. No. 9.

IN EQUITY.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Complainant,

vs.

The Philadelphia and Reading Railroad Company, The Philadelphia and Reading Coal and Iron Company and others, Defendants

TO MESSRS. JOSEPH S. HARRIS, EDWARD M. PAXSON, J. LOWBER WELSH, RECEIVERS.

GENTLEMEN:—Referring to a request dated November 24th, 1896, addressed to you by Charles H. Coster and Francis Lynde Stetson, purchasers, the undersigned, The Philadelphia and Reading Coal and Iron Company, the grantee of the said purchasers named in their deed No. III., dated 18th November, 1896, as grantee and assignee of the said Coster and Stetson, do hereby request you to deliver to it the possession of the premises in said deed mentioned, and also any and all income, proceeds of income, bills and accounts receivable, cash and other property, acquired or received by you in the management or operation of the several parcels of the mortgaged premises mentioned in said deed No. III, subject to the exceptions contained in the said request of the said purchasers.

THE PHILADELPHIA AND READING COAL AND IRON COMPANY,

By

J. S. HARRIS,
President.

[SEAL]

Attest:

F. P. KAERCHER,
Secretary.

Dated NOVEMBER 24th, 1896.

BILL OF SALE.

Charles H. Coster and Francis Lynde Stetson

to

The Philadelphia and Reading Coal and Iron Company.

OF ALL BILLS AND ACCOUNTS RECEIVABLE AND CASH.

WHEREAS, Pursuant to the decrees of the Circuit Court of the United States for the Eastern District of Pennsylvania entered in a certain suit therein pending to No. 9, April Sessions, 1895, wherein The Pennsylvania Company for Insurances on Lives and Granting Annuities was complainant and The Philadelphia and Reading Coal and Iron Company and others were defendants, the said The Pennsylvania Company for Insurances on Lives and Granting Annuities, by its deed dated October 23d, 1896, granted, conveyed, assigned and transferred unto Charles Henry Coster and Francis Lynde Stetson, as joint tenants, and not as tenants in common, among other things, all property, real and personal, of every character and description or any beneficial interest therein acquired by the Receivers of the said The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of the property and business of the said Coal and Iron Company or pertaining thereto, or to which, or any beneficial interest in which, they, the said Receivers, were entitled or might become entitled, including all income, proceeds of income, bills and accounts receivable, cash, materials, supplies and other property, received by the said Receivers in the management or operation of the said premises or pertaining thereto, and any and all property appurtenant thereto or pertaining thereto and acquired for use with or for the purposes of the said property or business of said Coal and Iron Company in connection therewith and vested in or standing in the

name of the said Receivers or to which the said Receivers in any manner should have acquired title, at the time of delivery to the purchasers of such property; all equipment and all coal in possession of said Receivers at the time of such delivery to be delivered as part of and in connection with the property and premises in connection with which it was acquired or received by said Receivers;

And Whereas, Afterwards the said Charles Henry Coster and Francis Lynde Stetson, by their deed dated November 18th, 1896, granted and conveyed, assigned and transferred unto the said The Philadelphia and Reading Coal and Iron Company, all the property, real, personal and mixed, of every character and description, and any and all beneficial interest therein, formerly acquired by The Philadelphia and Reading Coal and Iron Company or by the Receivers of The Philadelphia and Reading Coal and Iron Company in the course of the operation and management of the same, or to which, or to any beneficial interest in which, they as purchasers as aforesaid, were or might become entitled including all materials and supplies and other property, rights, equity and equities of redemption in which they, as purchasers as aforesaid, had or could have any interest whatever; but excepting from the said grant, conveyance, assignment and transfer, among other things, all bills and accounts receivable and cash, all of which were therein and thereby reserved by the said purchasers.

And Whereas, The objects and purposes for which the said last-mentioned exception and reservation were made have now been fully accomplished and satisfied, and upon an accounting it has been ascertained and determined that the said The Philadelphia and Reading Coal and Iron Company is now entitled to an assignment and transfer of the said bills and accounts receivable remaining uncollected and of the balance of cash remaining on hand, so as aforesaid excepted and reserved.

Now, therefore, Know all Men by these Presents, That in consideration of the premises and of the sum of one dollar ($1) to each of them in hand paid, the receipt whereof is hereby acknowledged, the said Charles Henry Coster and Francis Lynde Stetson have sold, and do hereby sell, assign, transfer and set over unto The Philadelphia and Reading Coal and Iron Company, its successors and assigns, all the right, title and interest which remains or may remain vested in them, of, in and to any and all bills and accounts receivable and cash so excepted by and reserved unto them as above recited and mentioned.

In Witness Whereof, We have hereunto set our hands and seals, this first day of December, A. D. 1896.

C. H. COSTER. [SEAL]
FRANCIS LYNDE STETSON. [SEAL]

In presence of:
A. H. GILLARD.
JAMES F. LANG.

BILL OF SALE.

Charles H. Coster and Francis Lynde Stetson to Reading Company.

OF SUNDRY ACCOUNTS FOR ADVANCES TO LEASED AND CONTROLLED COMPANIES SOLD UNDER DECREE OF CIRCUIT COURT OF THE UNITED STATES OF MAY 1ST, 1896.

WHEREAS, In compliance with the directions of the decree of May 1st, 1896, of the Circuit Court of the United States for the Eastern District of Pennsylvania, in No. 9, April Sessions, 1895, The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee of the General Mortgage of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company, did, on the twenty-third day of September, 1896, at the time and place fixed in said decree, sell at public auction the property, premises and franchises of every description described in said General Mortgage, or by said decree adjudged to have become subject thereto, of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company to Charles H. Coster and Francis Lynde Stetson for the sum of sixteen million dollars ($16,000,000), in which property were included the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to the following accounts for advances made by the said The Philadelphia and Reading Railroad Company to the leased and controlled companies named, as in and by the report of said trustee, duly filed in the suit above mentioned, will fully and at large appear:—

Reading and Columbia Railroad Company	$111,962 39
Stony Creek Railroad Company	423,512 84
Perkiomen Railroad Company	875,928 24
Philadelphia, Newtown and New York Railroad Company, account construction	29,680 08
Atlantic City Railroad Company	438,288 20

Northeast Pennsylvania Railroad Company	$128,270 04
Philadelphia and Chester Valley Railroad Company	56,255 97
Rupert and Bloomsburg Railroad Company	36,963 04
Middletown and Hummelstown Railroad Company	36,527 90
Philadelphia and Northern Railroad Company	58,330 71
Gettysburg and Harrisburg Railway Company	129,499 63
Delaware River Ferry Company of New Jersey	80,222 06
Philadelphia and Reading Terminal Railroad Company	2,545,491 77
Catasauqua and Fogelsville Railroad Company	50,544 00
Chester and Delaware River Railroad Company	147,174 14
Camden County Railroad Company	84,074 34
Tamaqua, Hazleton and Northern Railroad Company	63,349 37
Philadelphia and Frankford Railroad Company	21,852 15
Port Reading Railroad Company	93,351 02
Philadelphia Belt Line Railroad Company	222,821 18
Langhorne and Bristol Railroad Company	131 32
Dutchess County Railroad Company	21,538 03
Philadelphia, Reading and New England Railroad Company	563,774 27
Colebrookdale Railroad Company	71,872 99
Pickering Valley Railroad Company	417,213 88
Schuylkill Water Company	57,277 47
Twelfth Street Market Company	14,598 75
Preston Coal and Improvement Company	304,135 00
Tremont Coal Company	201,000 00
Mammoth Vein Coal and Iron Company	64,440 00
Terminal Market and Cold Storage	48,470 38
River Front Railroad Company	79,468 27
Catawissa Railroad Company, permanent improvements	286,516 67
East Pennsylvania Railroad Company, permanent improvements	9,844 65
Mine Hill and Schuylkill Haven Railroad Company, permanent improvements	55,401 40
Catawissa Railroad, account Newberry Extension	423,736 05
Schuylkill and Lehigh Railroad Company, permanent improvements	26,604 93
North Pennsylvania Railroad Company, permanent improvements	23,456 76
East Mahanoy Railroad Company, permanent improvements	8,742 59
	$8,112,322 68

LESS CREDITS.

Philadelphia, Harrisburg and Pittsburgh Railroad Company	$719,429 49	
Chestnut Hill and Jenkintown Railroad Company	538 86	
Allentown Railroad Company	22,731 60	
Shamokin, Sunbury and Lewisburg Railroad Company	614,790 70	
		1,357,490 65
Total		$6,754,832 03

AND WHEREAS, After due notice and hearing the Circuit Court of the United States did on the third day of October, 1896, duly confirm the sale so made by the said

trustee to the said Charles H. Coster and Francis Lynde Stetson, and directed the said trustee to make and deliver deeds of conveyance conveying the property sold to the said purchasers and their assigns;

And Whereas, The said Circuit Court of the United States did further order and decree that by way of further assurance and confirmation of title to such purchasers or their assigns the said Philadelphia and Reading Railroad Company and the said Philadelphia and Reading Coal and Iron Company, mortgagors, each by its proper officers and under its corporate seal, should, upon request of said purchasers or their assigns, join in said deeds to be executed by the trustee, or if so requested, should sign, seal, execute, acknowledge and deliver to such purchasers or their assigns separate deeds of conveyance, transfer, release and further assurance of all the railroad, property and franchises sold under the decree of this court, so as fully and completely to transfer to and vest in the said purchasers and their assigns the full legal and equitable title to all such railroads, property and franchises sold or intended to be sold;

And Whereas, Afterwards, by its deed dated October 23d, 1896, the said The Pennsylvania Company for Insurances on Lives and Granting Annuities did, pursuant to the said decree, grant and convey the premises so sold unto the said Charles Henry Coster and Francis Lynde Stetson as purchasers, and the said The Philadelphia and Reading Railroad Company, also pursuant to the provisions of the said decree, did, by its assignment in writing bearing the same date, sell, transfer, assign and set over unto the said Charles Henry Coster and Francis Lynde Stetson, jointly and not severally, and to the survivor of them, and the executors and administrators of such survivor forever, the right, title and interest of The Philadelphia and Reading Railroad Company of, in and to the said accounts against the companies named in the above-recited schedule, and each of them.

Now Know all Men by these Presents, That the said Charles Henry Coster and Francis Lynde Stetson, purchasers as aforesaid, in consideration of the sum of one dollar ($1) to each of them in hand paid, have sold and do hereby sell, assign, transfer and set over unto the Reading Company, its successors and assigns, forever, all their right, title and interest of, in and to the said accounts against the companies named in the foregoing schedule, and each of them.

In Witness Whereof, We have hereunto set our hands and seals, this first day of December, A .D. 1896.

C. H. COSTER. [SEAL]
FRANCIS LYNDE STETSON. [SEAL]

In presence of:
A. H. GILLARD.
JAMES F. LANG.

DEED.

Charles H. Coster and Francis Lynde Stetson and J. P. Morgan & Co. to Reading Company.

This Indenture, Made this twenty-third day of December, 1896, between *Charles Henry Coster*, of Tuxedo, New York, and *Francis Lynde Stetson*, of the City of New York, parties of the first part, and *J. P. Morgan & Co.*, a copartnership of the City of New York (hereinafter called the Managers), parties of the second part, and the *Reading Company* (heretofore known as the Excelsior Enterprise Company and also as the National Company), a corporation of the State of Pennsylvania, party of the third part.

Whereas, The said Charles Henry Coster and Francis Lynde Stetson parties of the first part, were the purchasers of property of The Philadelphia and Reading Railroad Company and of The Philadelphia and Reading Coal and Iron Company at the foreclosure sale thereof on the twenty-third day of September, 1896, under and in pursuance of a judgment and decree of the Circuit Court of the United States for the Eastern District of Pennsylvania, and under certain deeds of conveyance thereof made, executed and delivered October 23d, 1896, one by The Pennsylvania Company for Insurances on Lives and Granting Annuities, as trustee under a certain mortgage or deed of trust of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, called the General Mortgage, bearing date the third day of January, 1888, and the other by said The Philadelphia and Reading Coal and Iron Company, which deeds, dated as aforesaid, were duly recorded in the office of the recorder of deeds of the several counties wherein the property therein mentioned is situate;

And Whereas, The said parties of the first part heretofore, by their two several deeds of conveyance duly de-

livered to the respective grantees therein named, to wit, to the Philadelphia and Reading Railway Company, on November 17th, 1896, and to The Philadelphia and Reading Coal and Iron Company on November 18th, 1896 (which deeds have been duly recorded), did grant and convey to said two companies severally and respectively certain specified portions of the premises included under said General Mortgage, and by the said Coster and Stetson so purchased at the said foreclosure sale thereunder;

And Whereas, Such purchases and such conveyances were made under and in pursuance of the request of the parties of the second part hereto, as managers under a certain plan and agreement for the reorganization of The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company, dated December 14th, 1895, and in intended compliance with and promotion of the provisions of said plan and agreement;

And Whereas, It is the desire and intention of the parties hereto to the extent and in the manner hereinafter indicated the party of the third part shall acquire the property and franchises so purchased by the said Coster and Stetson at the said foreclosure sale on the twenty-third day of September, 1896, but not including any parcels thereof thereafter rejected by them, or any parcels thereof which, as above stated, have been heretofore conveyed to the said Philadelphia and Reading Railway Company and The Philadelphia and Reading Coal and Iron Company; and also the property and assets by them purchased at the Receivers' sale thereof made on the twenty-third day of September, 1896, by Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, as Receivers in the cause above entitled, and in pursuance of the said judgment and decree entered therein on May 1st, 1896; and also all the other assets and property hereinafter mentioned;

And Whereas, After careful appraisement of all the several properties intended to be conveyed hereunder, and hereinafter conveyed, it has been ascertained and determined, and it is agreed and understood by and between the parties that the fair value of all such properties hereby conveyed will exceed $255,000,000 when freed from, and clear of, the prior liens and obligations, amounting approximately to the aggregate principal sum of $65,000,000, now existing thereon and in respect thereof, and subject to such prior liens and obligations now exceeds $190,000,000.

Now, therefore, in consideration of the premises and of the execution and the expected performance of a certain agreement of even date herewith, made, executed and delivered by the party of the third part to the said parties of the first part and the parties of the second part, and of the sum of one dollar to the parties of the first part and the parties of the second part in hand paid, the receipt whereof is hereby acknowledged and confessed, the parties of the first part and of the second part have granted, bargained, sold, aliened, released, remised and confirmed, and have assigned, transferred and set over, and by these presents do grant, bargain, sell, alien, release, remise and confirm, and do assign, transfer and set over unto the said party of the third part, the said Reading Company, and to its successors and assigns, forever;

All and singular their right, title and interest in and to the following estates, lands, properties, rights, privileges and franchises and bonds and shares of capital stock, viz.:

First.—All real estate of every name and description formerly of The Philadelphia and Reading Railroad Company, to the extent that, and as the same is described in several certain deeds thereof of even date herewith from the parties of the first part to the party of the third part, and recorded respectively in the several counties in the State of Pennsylvania in which the said real estate is situated; but not including any right of way, depots or yards

formerly of the said Railroad Company, or formerly of any railroad by it held under lease, or any real estate appertaining to the railroad thereof subject, however, to any and all liens, incumbrances and charges thereon.

Second.—All locomotives, tenders, passenger cars, baggage cars, freight cars, coal cars, and all other engines, cars, carriages and rolling stock formerly of The Philadelphia and Reading Railroad Company; subject however, to all liens and charges thereon in the nature of car trusts or otherwise.

Third.—All steam colliers, vessels, canal boats and barges formerly of The Philadelphia and Reading Railroad Company, including specifically those enrolled in the office of the Collector of Customs of the Port of Philadelphia as having heretofore been transferred directly to the Reading Company by Joseph S. Harris, Edward M. Paxson and John Lowber Welsh, Receivers, such transfers having been made at the request of the parties of the first part hereto.

Fourth.—Certain bonds of the several corporations, and for the several aggregate principal sums next hereafter stated, viz.:—

Philadelphia and Reading Railway Company	$20,000,000
Camden County Railroad Company	39,000
Gettysburg and Harrisburg car trusts	18,000
People's Railway Company	36,000
Perkiomen Railroad Company	161,100
Philadelphia, Reading and Pottsville Telegraph Company	200,000
Philadelphia and Chester Valley Railroad Company:—	
(*a*) Preferred	25,000
(*b*) Not preferred	47,000
Philadelphia, Harrisburg and Pittsburgh Railroad Company	1,472,000
Philadelphia, Newtown and New York Railroad Company	849,100
Reading and Columbia Railroad Company:—	
First mortgage	9,500
Second "	35,000
Debentures	1,000,000
Schuylkill and Lehigh Railroad Company	108,300
Tamaqua, Hazleton and Northern Railroad Company	300,000
Pickering Valley Railroad Company:—	
First mortgage loan	326,300

Colebrookdale Railroad Company:—	
Mortgage bonds	$587,400
Catawissa Railroad Company:—	
10 per cent. chattel mortgage bonds, 1868-1888	98,450
5 per cent. " " " 1880	24,500
7 per cent. debenture bonds, 1917	62,000
7 per cent. improvement mortgage bonds	500,000
Schuylkill Navigation Company:—	
Loan, 1872	1,685,090
" 1882	3,941,146
Improvement loan (loan of 1880)	228,000
Loan of 1895	1,181,000
Boat and car loans	1,320,050

Fifth.—Certain shares of capital stock of the several corporations next hereinafter named, for which proper certificates are herewith simultaneously delivered:—

I.

Shares of capital stock, being in each instance the entire outstanding capital stock of the company (other than such as shall be necessary to qualify directors):—

	Shares.	Par Value.
Philadelphia and Reading Railway Company	400,000	$20,000,000
Philadelphia and Reading Coal and Iron Company	160,000	8,000,000
Chester and Delaware River Railroad Company	800	40,000
Danville and Shamokin Railroad Company	5,000	250,000
Delaware River Ferry Company of New Jersey	5,000	500,000
Middletown and Hummelstown Railroad Company	3,500	175,000
Norristown Junction Railroad Company	400	20,000
Philadelphia and Frankford Railroad Company	10,000	500,000
Philadelphia, Reading and Pottsville Telegraph Company	390	19,500
Philadelphia and Reading Terminal Company	170,000	8,500,000
Philadelphia, Harrisburg and Pittsburgh Railroad Company	40,000	2,000,000
Port Reading Railroad Company	15,650	1,565,000
Rupert and Bloomsburg Railroad Company	1,000	50,000
Schuylkill and Lehigh Railroad Company	1,000	50,000
Slatington Railroad Company	4,000	20,000
Shamokin, Sunbury and Lewisburg Railroad Company	40,000	2,000,000
Tamaqua, Hazleton and Northern Railroad Company	6,000	300,000
Reading Iron Company	10,000	1,000,000

II.

Shares of capital stock, being in each instance more than one-half the entire outstanding capital stock of the company:—

	Shares.	Par Value.
Atlantic City Railroad Company:—		
(*a*) Preferred	19,055	$952,750
(*b*) Common	24,000	1,200,000
Allentown Railroad Company	21,528	1,076,400
Catasaqua and Fogelsville Railroad Company	10,165	254,125
Colebrookdale Railroad Company	5,630	281,500
Camden County Railroad Company	1,043	52,150
East Mahanoy Railroad Company	5,673	283,650
East Pennsylvania Railroad Company	17,577	878,850
Gettysburg and Harrisburg Railway Company	10,814	540,700
Northeast Pennsylvania Railroad Company	6,379	318,950
Pickering Valley Railroad Company	1,232	61,600
Philadelphia and Chester Valley Railroad Company:—		
(*a*) Preferred	4,102	205,100
(*b*) Common	9,089	454,450
Reading and Columbia Railroad Company	15,764	788,200

III.

Miscellaneous shares of capital stock:—

	Shares.	Par Value.
Catawissa Railroad Company:—		
(*a*) First preferred	228	$11,400
(*b*) Second preferred	310	15,500
Central Dock and Terminal Railway Company	1,854	185,400
Junction Railroad Company	1,723	86,150
Mine Hill and Schuylkill Haven Railroad Company	1,620	81,000
Mill Creek and Mine Hill Navigation and Railroad Company	1,927	48,175
Mt. Carbon and Port Carbon Railroad Company	776	38,800
North Pennsylvania Railroad Company	2,576	128,800
Philadelphia Belt Line, preferred	1,560	78,000
People's Railway Company of Pottsville	2,703	54,060
Schuylkill Valley Navigation and Railroad Company	1,246	62,300
Swede's Ford Bridge Company	360	9,000

Sixth.—Certain mortgages and ground rents formerly of The Philadelphia and Reading Railroad Company, viz.:—

Mortgages.	Location of Property.	Amount.
Rt. Rev. James F. Wood, in trust	North Manheim Township, Schuylkill County	$250 00
John F. Dewalt	Dauphin, Pa	129 00
Bank of Kentucky	Property in Pottsville	1,376 00
Harrisburg and Potomac Railroad Company	Warehouse, Shippensburg (Stewart)	13,000 00
Reading Rolling Mill Company	Reading, Pa	50,000 00
James Polhemus	Bridgewater Township, N.J.	6,500 00
Mrs. H. Louisa Moore	" " "	12,000 00
Chester and Delaware River Railroad Company	Right of way, real estate, &c.	200,131 84
A. J. Reach	Broad Street and Lehigh Avenue, Philadelphia	17,000 00
		$300,386 84

Ground Rents.	Location of Property.	Amount.
James Moon	CallowhillStreet,Philadelphia.	$2,333 33
People's Passenger Railway Company	" "	2,333 34
Hestonville, Mantua and Fairmount Passenger Railway Company	" "	6,533 33
People's Passenger Railway Company	" "	3,500 00
F. W. McDowell	Manayunk, Philadelphia	766 67
W. H. Harding	" "	7,983 33
Alexander L. Hodgson	Port Richmond, Philadelphia.	1,666 66
Sarah Entriken	" " "	3,300 00
Whelden & Son	Conshohocken, Pa	1,666 66
W. G. Harding	Manayunk, Philadelphia	6,000 00
		$36,083 32

Seventh.—Certain other property heretofore held by J. P. Morgan & Co.

(*a.*) Five hundred and twenty-five freight cars and fifteen hundred coal cars.

(*b.*) All right, title and interest in the steam tug "Catawissa," now building.

TO HAVE AND TO HOLD, the premises, properties, real or personal, rights, franchises, estates, appurtenances, stocks and bonds hereby conveyed and assigned, or intended so to be, unto the Reading Company, its successor or successors and assigns forever;

Subject, however, to all the liens, charges and obligations thereon now existing or heretofore created; and subject also to all liabilities and obligations of every kind and nature whatsoever which in any way have been incurred by the said Charles Henry Coster and Francis Lynde Stetson from the time they acquired the title to such property, or as a condition of the acquisition thereof, and especially subject to all the conditions, obligations and reservations imposed by and contained in the decrees of the Circuit Court of the United States for the Eastern District of Pennsylvania, made and entered on the first day of May, 1896, and on the third day of October, 1896, in a certain cause pending in the said court, wherein The Pennsylvania Company for Insurances on Lives and Granting Annuities was complainant and The Philadelphia and Reading Railroad Company and The Philadelphia and Reading Coal and Iron Company and others were defendants; all of which liabilities and obligations of the said Charles Henry Coster and Francis Lynde Stetson, and all of which terms, conditions and reservations of the said decrees the party of the third part hereby assumes and agrees to pay and to perform as part of the consideration of this grant;

And subject also to all the liabilities and obligations of the said J. P. Morgan & Co., managers under the said plan and agreement dated December 14th, 1895, and all the terms and conditions of the said agreement of even date herewith; all of which liabilities, obligations, terms and conditions, being hereby imposed as a charge upon the property hereby conveyed, the party of the third part hereby assumes and agrees to do and perform as part of the consideration of this grant.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals, this 23d day of December, one thousand eight hundred and ninety-six.

C. H. COSTER, [L. S.]
FRANCIS LYNDE STETSON. [L. S.]
J. P. MORGAN & CO. [L. S.]

Signed, sealed and delivered
in presence of:
GEO. F BAER,
JNO. LOWBER WELSH.

Mr. Reynolds also offered in evidence compilation of the Acts of Pennsylvania, New York, and New Jersey, briefly summarizing the amounts of dual powers to mine, produce and transport anthracite coal, a part of which, for the purpose of convenience, having to do with the Philadelphia and Reading Railway Company, re-quote some brief paragraphs which were put in evidence by the Government from the annual report of the Philadelphia and Reading Railway Company, as follows:—

STATEMENT OF LEGISLATIVE POLICY OF PENNSYLVANIA, NEW YORK AND NEW JERSEY TOWARD COMBINATION OF ANTHRACITE PRODUCTION AND ANTHRACITE TRANSPORTATION INTERESTS.

Lehigh and Susquehanna Railroad.

In 1818 the Pennsylvania Legislature (Act of March 20th, 1818, 7 Sm. L., 86), granted Josiah White, George F. A. Hauto and Erskine Hazard, who owned large tracts of coal lands, certain rights to improve the navigation of the Lehigh River. Messrs. White, Hauto and Hazard transferred these rights to an association called the Lehigh Navigation Company. They conveyed their coal lands to an association called the Lehigh Coal Company. Those two associations amalgamated themselves into a single association called the Lehigh Navigation and Coal Company, which thereafter had the right to both mine and transport anthracite coal.

In 1822 the Pennsylvania Legislature (Act of February 13th, 1822, P. L., 21), reciting the foregoing rights and that the last mentioned company required additional funds to improve the navigation of the Lehigh River and further reciting that "It is, for reasons frequently repeated in preambles to Acts of this Legislature, the manifest interest of the Commonwealth to promote by all proper means an object so important to the State," made the association previously called the Lehigh Navigation and Coal Company into a

corporation with the name "The Lehigh Coal and Navigation Company," and vested all the lands and rights belonging to the older association in the corporation so created, and authorized the corporation "at any time within a year from the passage of this act, to commence a slack water navigation in the river Lehigh."

In 1837, the Pennsylvania Legislature (Act of March 13th, 1837, P. L., 53), authorized this new company to construct and operate a railroad from Wilkes-Barre over the divide to a connection with the slack water navigation of the Lehigh near White Haven.

In 1863 the Pennsylvania Legislature (Act of March 4th, 1863, P. L., 99), after reciting the destruction of a part of the company's navigation system by disastrous floods, authorized the company to construct along or near "the site heretofore occupied by the said navigation" a railway extending from the terminus of its existing railway near White Haven to Mauch Chunk, and in 1864 (Act of March 16th, 1864, P. L., 11), authorized the company to extend the railroad from Mauch Chunk down the valley of the Lehigh to and across the river Delaware and to connect in that vicinity with any railroads then or thereafter constructed in the State of New Jersey.

In 1868 the company completed its railroad to and across the Delaware River and for a time operated the railroad for itself, the railroad being colloquially known as the Lehigh and Susquehanna Railroad.

In 1871 the company leased its railroad to the Central Railroad Company of New Jersey, which will be discussed below.

Delaware and Hudson Company.

In 1823 the Pennsylvania Legislature by an Act of March 13th (Laws of Penn, 1823, Chapter 61), granted to Maurice Wurts, who owned a large body of "stone coal lands," broad rights to improve the navigation of the river Lackawaxen, and the New York Legislature by an Act of April 23d (New York Session Laws of 1823, Chapter 238), reciting the desirability for opening a channel through

which the city of New York, and other parts of this State, may receive a supply of stone coal which is found in the interior of the State of Pennsylvania," and reciting Maurice Wurts' ownership of "a large body of this valuable article situated near the headwaters of the River Lackawaxen, which empties into the River Delaware opposite the County of Sullivan," and the Pennsylvania grant of authority to him to improve the navigation of that river, granted a charter to the Delaware and Hudson Canal Company.

By this charter the company was authorized in the eighth article to construct a canal from the Delaware River through any one or more of the counties of Orange, Sullivan and Ulster to the Hudson River, and the company was authorized in the twenty-first article to acquire Maurice Wurts' rights of navigating the River Lackawaxen and to acquire "any lands containing stone coal that he or any other person may own at or near the headwaters of the said river."

In 1825 the Pennsylvania Legislature by an Act of April 21st (Laws of 1825, Chapter 78), after reciting the above mentioned Act of April 23d, 1823, authorized the company "to purchase and hold any quantity of lands situated at any place within ten miles of the waters of Lackawaxen not exceeding 5000 acres."

In 1826 the Pennsylvania Legislature (Laws of 1826, Chapter 67), in order to provide for the company's transportation of coal from its coal beds to its canal authorized the company to construct and maintain railways for that purpose.

In 1827, the New York Legislature by an Act of March 10th (Session Laws of New York, 1827, Chapter 62), lent the credit of the State to the company to further the ends of the charter already granted.

In 1867, the New York Legislature, by an Act of May 9th (Session Laws of New York, 1867, Chapter 841), provided that in addition to the powers already conferred upon the company "for the purpose of opening and of mining and of bringing to market a supply of stone coal which is found in the interior of the State of Pennsylvania, it shall be law-

ful for the said canal company, for the purpose of increasing said supply of coal to construct, own and maintain railroads within the State" and to lease railroads there existing or thereafter created and acquire the stock or bonds of such railroad companies.

In 1859 the Pennsylvania Legislature, by an Act of March 12th (Laws of 1859, No. 123), authorized the company to extend its railroads and also "to purchase and hold an additional quantity of 3000 acres of land in the Townships of Fell, Carbondale, Blakely and Providence in the County of Luzerne, for the purpose of carrying on their operations."

In 1861 the Pennsylvania Legislature, by an Act of April 11th (Laws of 1861, No. 275), authorized the company "for the purposes of their coal business" to construct certain branch or lateral roads or tracks.

In 1863, a Pennsylvania Senate Committee, appointed for that purpose, investigated the condition of the company to determine whether it had exceeded its corporate rights or violated its charter privileges. The Committee reported on April 13th, 1863, and after summarizing the Pennsylvania authorities above quoted, stated that "their general business, and that which their charter and its supplements warrants, is known to be mining coal and transportation," and that the company had not exceeded its powers as a corporation.

In 1866 the Pennsylvania Legislature, by an Act of September 20th (Laws of 1867, No. 1414), authorized the company "to purchase and hold 5000 additional acres of land in the County of Luzerne, and in 1868 this authority was confirmed and re-enacted (Laws of 1868, No. 855).

In 1870 and 1871 (Laws of 1870, No. 533, Laws of 1871, No. 701), the Pennsylvania Legislature authorized the company to construct additional railroads.

In 1899 the New York Legislature, by an Act of April 28th (Laws of New York, 1899, Chapter 469), authorized the company to abandon and sell its canal and change its name to "The Delaware and Hudson Company."

THE LEHIGH VALLEY RAILROAD COMPANY.

In 1830, the Pennsylvania Legislature by an Act of April 7th, 1830 (Laws of 1830, page 392), granted a charter to the Beaver Meadow Railroad and Coal Company, authorizing it to construct a single or double railroad from the Beaver Meadow coal mines in Northampton County to a convenient point on the Lehigh River at any place above Mauch Chunk and providing that "the real estate which it shall be lawful for the said company to hold in their own right in trust or otherwise shall not exceed at any time two hundred acres of coal land, besides what shall be necessary for the railroad hereinafter mentioned and coal roads and landing places as may be proper for the use of the said company," and that "nothing herein contained shall be so construed as to giving or granting said Company any manufacturing or trading privileges or any other privileges beyond what may be necessary to the perfect completion of the said railroad and carrying on a business of mining, transporting and vending coal and receiving the tolls authorized by this act." By a supplementary act of January 29th, 1833 (Laws of 1833, page 18) the Beaver Meadow Railroad Company was granted the right "to hold in their own right 800 acres of land in addition to what they are now authorized to hold, provided the said land shall be contiguous to that now held by the said company or to a route which may be fixed upon their railroad," and by a further supplementary act of March 20th, 1849 (Laws of 1849, page 185), that company was authorized to hold additional lands not exceeding 2000 acres and not to be located at a greater distance than seven miles from the land then held. This company was merged and consolidated into the Lehigh Valley Railroad on July 8th, 1864.

In 1836, the Pennsylvania Legislature (Laws of 1835-1836, page 129), incorporated the Hazleton Coal Company for "the purpose of mining of coal and for transacting the other business of companies engaged in the mining, transporting to market and selling of coal and the

other products of coal mines," and authorized that company to hold 200 acres of land and also such lot or lots not exceeding three acres in any one place as might be found convenient for places of deposit for mining products. In 1839 the Pennsylvania Legislature, by an Act of March 8th, 1839 (Laws of 1839, page 49) authorized that company "to exercise all the privileges and powers granted by Act of March 20th, 1838, to the Laurel Hill Coal Company for the construction of a railroad from the Hazleton Railroad to the river Lehigh," and in 1856, by an Act of January 12th, 1856 (Laws of 1856, page 2) authorized it to hold 1000 additional acres of land not to be located more than ten miles from the lands then held. In 1865, by an Act of March 9th, 1865, (Laws of 1865, page 299) the Pennsylvania Legislature changed the corporate name of the Hazleton Coal Company to Hazleton Railroad Company, and on May 25th, 1868, the latter company was merged and consolidated into the Lehigh Valley Railroad Company.

In 1846 the Pennsylvania Legislature, by an Act of April 21st, 1846 (Appendix to Laws of 1848, page 575), authorized the incorporation of the Delaware, Lehigh, Schuylkill and Susquehanna Railroad Company, and in 1853 (Laws of Pennsylvania, 1853, page 1), the corporate name of that company was changed to Lehigh Valley Railroad Company.

In 1869 the Pennsylvania Legislature by an Act of April 15th, 1869 (Laws of 1869, page 31) authorized "railroad and canal companies to aid corporations authorized by law to develop the coal, iron, lumber and other material interests of this Commonwealth, by the purchase of their capital stock and bonds or either of them, or by guarantee of or agreement to purchase the principal and interest or either of such bonds." From time to time after the enactment of this statute and prior to 1874 the Lehigh Valley Railroad Company became a stockholder in several coal companies organized under the laws of Pennsylvania.

Delaware, Lackawanna and Western Railroad Company.

In pioneer days the Drinker family of Philadelphia had acquired 25,000 acres of coal lands in Lackawanna, Pike, Wayne and Susquehanna Counties and had built a sixty mile turnpike to develop these lands.

In 1832 the Pennsylvania Legislature (Act of April 7th, 1832, Laws of 1832, No. 134), incorporated the Ligett's Gap Railroad Company and authorized it to construct a railroad at a point in Cobb's Gap near Scranton, Pennsylvania, "to a point on the New York State line in Susquehanna County passing through the coal region on the Lackawanna and Ligett's Gap." This railroad was a gradual evolution of the Drinker turnpike project.

In 1849, the Pennsylvania Legislature (Act of April 9th, 1849, Laws of 1849, page 648), authorized the Ligett's Gap Railroad Company "to purchase and hold a reasonable amount of coal lands," not to exceed 1000 acres.

In the same year also the Pennsylvania Legislature by an Act of April 7th, 1849 (Appendix to Laws of 1851, No. 470), granted a charter to the Delaware and Cobb's Gap Railroad Company authorizing it to construct a railroad beginning at the Delaware River near Water Gap, thence by a "practicable route terminating at or near Cobb's Gap in the Counties of Luzerne or Wayne."

In 1851, the Pennsylvania Legislature by an Act of April 14th, 1851, (Laws of 1851, No. 338) changed the corporate name of the Ligett's Gap Railroad Company to The Lackawanna and Western Railroad Company and in 1853 (Act of March 11th, 1853, Laws of 1853, No. 123) authorized the consolidation of the Lackawanna and Western Railroad Company and the Delaware and Cobb's Gap Railroad Company under the corporate name of The Delaware, Lackawanna and Western Railroad Company. The latter company thus had rights, dating from 1832, to own both railroads and coal properties.

In 1843 the New York Legislature by an Act of April 18th, 1843 (Session Laws of New York, 1843, Chapter

221) granted a charter to the Cayuga and Susquehanna Railroad Company, and in 1851 by an Act of April 8th, 1851 (Session Laws of New York, 1851, Chapter 103) authorized that company "to make contracts with any corporations or individuals whereby a sufficient supply of coal may be secured for the use and benefit of said company or to be distributed by them" and "to employ so much of its capital for the purpose of mining, transporting and vending coal and in the purchase of such real estate not exceeding 5000 acres of coal land and personal property as they may deem necessary for the purpose aforesaid." On April 21st, 1855, the Cayuga and Susquehanna Railroad Company leased its railroad to the Delaware, Lackawanna and Western Railroad Company.

In 1855, the Pennsylvania Legislature by an Act of March 22d, 1855 (Laws of 1855, page 110) authorized The Delaware, Lackawanna and Western Railroad Company to "increase the quantity of their coal lands to an amount not exceeding (with those already acquired) 2000 acres and to hold said coal lands and to mine, purchase, transport and vend coal," and in 1856 the Pennsylvania Legislature by an Act of March 8th, 1856 (Laws 1856, page 107) authorized The Delaware, Lackawanna and Western Railroad Company to borrow money and to purchase anthracite coal mined from other lands than those owned by it and also to purchase and hold, near Elizabethport, N. J., "such quantity of land as may be necessary for depot, wharfage, and coal yard accommodations for its business, not exceeding fifty acres."

In 1856 the Pennsylvania Legislature by an Act of April 19th, 1856 (Laws of 1857, page 784), granted a charter to the Northwestern Coal and Iron Company authorizing it to "take and hold lands and real estate on lease and in fee simple, and to mine, prepare for market, sell and dispose of cannel and bituminous coal, iron ores, fire clay and other minerals on their lands, and to manufacture iron * * * or other products of their minerals or lands, and to convey the said minerals or the products thereof to market," and "to construct such lateral or branch railroads, not exceeding

twenty miles in length." The Pennsylvania Legislature made successive changes in the corporate name of the Northwestern Coal and Iron Company, the last change being to the name of Keyser Valley Railroad Company by an Act of March 13th, 1865 (Laws of 1865, No. 332). In 1865 the Keyser Valley Railroad Company was merged and consolidated into The Delaware, Lackawanna and Western Railroad Company.

From 1864 to 1867 the Pennsylvania Legislature incorporated The Nanticoke Coal and Iron Company (Laws of 1864, No. 345), the Steuben Coal Company (Laws of 1865, No. 1111), and the Granby Coal Company Laws of 1867, No. 1176). Each of these companies was empowered to hold coal lands, mine and vend coal and transport the same to market. In 1868 the two last mentioned companies were merged and consolidated into the Nanticoke Coal and Iron Company, and in 1870 the latter was merged and consolidated into the Delaware, Lackawanna and Western Railroad Company.

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY.

In 1847 the New Jersey Legislature by an Act of February 26th, 1847 (Laws of 1847, page 128), incorporated the Somerville and Easton Railroad Company, and in 1849 by an Act of February 22d, 1849 (Laws of 1849, page 90), changed the corporate name of that company to the Central Railroad Company of New Jersey.

In 1871, for the purpose of securing to its line the transportation of the anthracite coal produced by the Lehigh Coal and Navigation Company, and two other coal mining companies subsequently merged and given the name of the Lehigh and Wilkes-Barre Coal Company, the Central Railroad Company of New Jersey leased the Lehigh and Susquehanna Railroad, the line above mentioned as owned by the Lehigh Coal and Navigation Company.

In 1874 the New Jersey Legislature (Act of March 21st, 1874, Laws of New Jersey 1874, page 1176), after reciting that "The Central Railroad Company of New Jersey are the lessees, in perpetuity, of the railroad, branches and works

of the Lehigh Coal and Navigation Company in the State of Pennsylvania" and that "in order to secure a paying business for their said railroad and works, it may be advisable and necessary that the said The Central Railroad of New Jersey should guarantee the payment of such bonds as may be issued, from time to time, by companies owning or working coal land adjacent to any of the said roads or works" authorized the Central Railroad Company of New Jersey "a majority in interest of their stockholders consenting thereto, to guarantee the payment of the bonds of any coal company or companies owning or working coal lands along the line of, or adjacent to, any of the railroads, branches or works in the State of Pennsylvania, so held by lease by the said Company, and in which lands the said Company may or may not have an interest."

By various earlier acts now amended into the form of Section 51 of the General Corporation Law of New Jersey the Central Railroad Company is possessed of the power to hold the shares of the capital stock, bonds, securities or evidences of indebtedness created by any corporation of the State of Pennsylvania, and while the owner of such stock may exercise all rights, powers and privileges of ownership, including the right to vote thereon.

THE PHILADELPHIA AND READING RAILWAY COMPANY.

In 1833 the Pennsylvania Legislature by an Act of April 4th, 1833 (Laws 1833, No. 76), granted a charter to the Philadelphia and Reading Railroad Company, authorizing it to build a railroad "beginning at or near the borough of Reading, in Berks County, and terminating at some suitable point in or near the city of Philadelphia."

During the forty years ensuing after its incorporation this Company, as a result of stock purchase, lease and other methods of acquisition, gained control over innumerable small roads, chiefly in the anthracite regions, and forming the nucleus of the present Reading System.

In 1871, the Pennsylvania Legislature by an Act of May 18th, 1871 (Laws of 1871, No. 817), granted a charter

to the Laurel Run Improvement Company authorizing it to acquire coal lands and mine and vend coal. By the fifth section of this charter it was provided that "it shall be lawful for any railroad or mining company existing under the laws of this State to subscribe for or purchase the stock or to purchase or guarantee the bonds of the company hereby incorporated." Nearly all of the stock of this company was acquired by the Philadelphia and Reading Railroad Company and on December 12th, 1871, the name of the Laurel Run Improvement Company was changed to the Philadelphia and Reading Coal and Iron Company.

In 1869 Mr. Charles E. Smith resigned as President of the Railroad Company and Mr. Franklin B. Gowen was chosen in his place and under his administration the policy of the company underwent a change. It was in the annual report of the company for the year ending November 30th, 1871, that the changed policy was announced by the management and the Coal and Iron Company first appeared in the accounts. The part of that report giving the reasons that influenced the management in the acquisition of stock in the coal mining company is as follows:—

"The repeated and serious interruptions of the business of the Company, caused by strikers in the coal regions during the last few years, and the many fluctuations in the coal trade, produced by alternate periods of expansion and depression resulting therefrom, have directed the attention of the Managers of the Company to the necessity of exercising some control over the production of coal, so as to prevent a recurrence of the difficulties heretofore experienced; and it was believed that the best way of accomplishing this result, without injuriously affecting individual interests, was for the Company to become the owners of coal lands situate upon the line of its several branches.

"Up to this time about 70,000 acres of the best anthracite coal lands in Pennsylvania have been acquired, and will be held by an auxiliary company, known as the Philadelphia and Reading Coal and Iron Company, of which the Phila-

delphia and Reading Railroad Company is the only stockholder.

"The result of this action has been to secure and attach to the Company's railroad a body of coal land capable of supplying all the coal tonnage that can possibly be transported over the road for centuries. This result has been obtained without imposing any serious financial burden upon the Company, for the lands purchased are already so far developed that it is estimated they will produce in rents, during the year 1872, $1,200,000; and it is believed that in less than three years the net annual revenue arising from the lands will be greater than the interest payable upon the loan issued to secure them."

Report of January 8th, 1872, pages 16 and 17, as introduced by the Government—See Stenographer's minutes, pages 232 to 234 inclusive.

In the reference to the anticipated rentals above is reflected the original policy of the Coal Company, which was to be merely a landlord owning coal lands and leasing them to individual operators on royalty. This policy proved unsuccessful, however, and the Coal Company was forced to abandon it after a trial of three years and embark in the business of mining and marketing coal.

The conditions which compelled this change of policy are described at pages 26 and 27 of the annual report issued January 11th, 1875.

"An experience of one or two years as landlords showed how utterly inadequate, under existing circumstances, the individual tenants were to develop and improve the estate;" first, because they had not sufficient capital to mine properly; and, second, because the depression resulting from the strikes had given little encouragement to individuals to engage in mining. Therefore, your managers resolved (page 27) to become miners of the coal themselves; and for this purpose, in addition to "expenditures for purchasing, opening and improving collieries," they go on to say, "a large

investment was made, outside of the coal regions, to enable them to handle and successfully dispose of the product of the mines. Large retail yards in the city of Philadelphia, wharves and shipping facilities in New York and the various eastern ports have been purchased and erected; and it is believed that no other company now possesses greater advantages than those of the Philadelphia and Reading Coal and Iron Company, in the ability to mine coal economically, and to dispose of a large product to the best advantage; the only improvement yet wanted to complete the system, being a depot capable of storing at one place at least five hundred thousand tons of coal, in order to keep the collieries constantly at work, and avoid the expense of stopping them whenever orders are scarce, or vessels not in sufficient supply to carry away the products."

Introduced by Government—Stenographer's minutes, pages 240 and 241.

In 1893 both the Philadelphia and Reading Railroad and the Philadelphia and Reading Coal and Iron Company went into the hands of Receivers of the Federal Courts. In 1896 purchasers at the Receiver's sale bought, among the other assets of the railroad company, the stock of the coal company, and later transferred it to what is now the Reading Company. At the same time the same purchasers bought the remaining assets of the railroad and transferred most of them to the Philadelphia and Reading Railway Company, whose stock was also owned by what is now the Reading Company.

Erie Railroad Company.

In 1832 the New York Legislature by an Act of April 24th, (Laws of 1832, Chapter 224) incorporated the New York and Erie Railroad Company. In 1861, under special acts of the New York Legislature (Session Laws of New York, 1860, Chapter 160 Laws 1861, Chapter 191),

this company was organized as the Erie Railway Company.

In 1878 the Erie Railway Company was reorganized under the laws of New York as the New York, Lake Erie and Western Railroad Company, and in 1895 the latter company was reorganized as the Erie Railroad Company.

In 1838 the Pennsylvania Legislature (Laws 1838, No. 73) granted a charter to the Pennsylvania Coal Company giving it the right of "transacting the usual business of companies engaged in mining, transporting to market and selling coal and other products of coal mines," and the power to purchase and lease coal lands and to "construct railroads with one or more tracks." Its powers in these respects were enlarged by subsequent Acts (Laws 1839, No. 155; Laws 1841, No. 157; Laws 1849, No. 115, and No. 354; Laws 1850, No. 250; Laws 1853, No. 140; Laws 1857, No. 85; Laws 1864, No 365; Laws 1867, No. 634; Laws 1868, No. 1018). In 1853, in particular, the Pennsylvania Legislature (Laws 1853, No. 140) authorized the Pennsylvania Coal Company to "extend its two tracks of railroad * * * to connect with the New York and Erie Railroad, or to such points in the State of New Jersey or New York as the respective Legislatures of said States may authorize," and "to connect or consolidate with, or lease some railroad or canal in the said States of New Jersey or New York, and acquire, hold, exercise the rights, privileges and franchises of such corporation in such manner and on such terms as may be mutually agreed upon." In 1862 the New York Legislature (Session Laws of New York, 1862, Chapter 66) provided that "if any corporation organized or to be organized in the States of New Jersey or Pennsylvania, shall undertake to construct a coal road to connect the same with the road of the Erie Railway Company, between Oxford Station in Orange County and Deposit in the County of Delaware, for the transportation of coal, said Erie Railway Company is hereby authorized to lease said coal road, and to contract for the leasing and operation of the same, and for

the transportation of coal over said coal road, and upon any road that may be owned or operated by said Erie Railway Company." Pursuant to the authority thus conferred by the Pennsylvania and New York Legislatures, the Pennsylvania Coal Company constructed a coal road, later known as the Erie and Wyoming Valley Railroad, from a connection at Hawley, Pennsylvania, with a gravity railroad already constructed, to a connection with the Erie Railway Company's railroad between Oxford Station and Deposit, and on January 1st, 1864, leased this coal road to the Erie Railway Company. This coal road now forms the Hawley Branch of the Erie.

In 1851 the Pennsylvania Legislature by an Act of April 28th, 1851 (Laws 1851, No. 378) granted a charter to the Jefferson Railroad Company. Under this charter and the supplement thereto (Act of March 18th, 1863, Laws 1863, page 160) a railroad was constructed from Carbondale, Pa., to a connection with the railroad of the Erie Railway Company at Lanesboro, Pa., primarily for the purpose of furnishing an outlet for anthracite coal from the northerly end of Lackawanna Valley where the Hillside Coal and Iron Company conducts its operations. In 1869 the Jefferson Company was leased to the Erie Railway Company.

In 1867 the Pennsylvania Legislature by an Act of April 12th, 1867 (Appendix, to Laws, of 1869, page 1312) incorporated the Hillside Coal and Iron Company authorizing that company to "purchase and hold in fee simple, by lease or otherwise, coal, iron, mineral and lumber lands in this Commonwealth, not exceeding at any one time 5000 acres, with power to connect said lands by railroad not exceeding twenty miles in length with other railroads, canals or public improvements also with power to use its capital in purchasing, mining, vending and transporting to market coal, iron, lumber and other products of their lands. Nearly all of the capital stock of this company was acquired by the Erie Railway Company and subsequently became the property of the Erie Railroad Company in 1895.

The Pennsylvania Railroad Company.

In 1846 the Pennsylvania Legislature by an Act of April 13th, 1846 (Laws 1846, No. 262), incorporated the Pennsylvania Railroad Company.

In 1869 the Pennsylvania Legislature by an Act of April 15th, 1869 (Laws 1869, page 31), authorized "railroads and canal companies to aid corporations authorized by law to develop the coal, iron, lumber and other material interests of this Commonwealth, by the purchase of their capital stock and bonds or either of them."

In 1871, pursuant to this authority, the Pennsylvania Railroad Company commenced to make acquisitions of shares of the capital stock of the Susquehanna Coal Company, the Summit Branch Mining Company and of the Mineral Railroad and Mining Company, all of which are coal mining corporations of the State of Pennsylvania, and finally by purchases from time to time after that date, it became the owner of all the shares of the two first named companies and the owner of one-third of the shares of the last named company. The most largely producing of the properties belonging to these coal companies are located either directly upon, or so contiguous to, the system of railroads operated by the Pennsylvania Railroad Company as to make these railroads the only reasonably practical avenues of transportation of the coal mined by the coal companies in question.

A recapitulation of the foregoing will disclose that some one or more of the States named in the caption recognized the propriety of this dual mining and transportation interest in the control of the same individuals or corporation over and over again between 1818 and 1874. It will be noted in detail that such recognition was afforded in legislation in 1818, 1822, 1823, 1825, 1826, 1827, 1830, 1832, 1833, 1836, 1837, 1838, 1839, 1841, 1843, 1846, 1849, 1850, 1851, 1853, 1855, 1856, 1857, 1859, 1861, 1862, 1863, 1864, 1866, 1867, 1868, 1869, 1870, 1871 and 1874.

Mr. Reynolds also offered in evidence excerpts from the United States Geological Report and the publications in the United States Geological Department, as follows:—

Excerpts from the Annual Reports of Department of the Interior—U. S. Geological Survey. Mineral Resources of the U.S. 1901, 1904, 1905, 1906, 1907, and 1908. Excerpts from "The Production of Coal." By Edward W. Parker. Advance Chapter from Mineral Resources of the United States 1910 and 1911. Excerpts from "The Production of Anthracite in 1912." By Edward W. Parker. Advance Chapter from Mineral Resources of the United States.

Page 419.

ANNUAL REPORT FOR THE CALENDAR YEAR 1901.

The year 1901 was noteworthy in the anthracite trade for two reasons: First, the largest production in the history of the trade; second, the largest average net return realized during the last ten years. These results were brought about by the remarkable demand for this fuel, which was at nearly all times during the year in excess of the supply.

The total production amounted to 60,242,560 tons, an increase over the year 1900 of 9,021,207 tons, and made up as follows:—

	Long tons.
Sent to market	53,694,530
Sold to local trade and used by employees at mines	1,185,480
Used for steam and heat at mines	5,362,550
Total	60,242,560

PRODUCTION OF ANTHRACITE COAL FROM 1897 TO 1901, INCLUSIVE.

Year.	Production.	Value.	Average per ton.	Number of employees.	Days worked.
	Long tons.				
1897	46,974,715	$79,301,954	$1.85	149,557	150
1898	47,663,076	75,414,537	1.75	145,184	152
1899	53,944,647	88,142,130	1.80	139,608	173
1900	51,221,353	85,757,851	1.85	144,206	166
1901	60,242,560	112,504,020	2.05	145,309	196

In the report for 1900 comment was made on the proportion of the various sizes of coal shipped to market and attention was called to the fact that the prepared sizes, broken, egg, stove and chestnut, made up, in 1875, about 75 per cent. of the total product shipped, pea about 6½ per cent., and sizes below pea little or nothing. In 1900 the prepared sizes made up only 60 per cent. of the total shipments, while pea coal had increased to 14 per cent. and sizes smaller than pea to 21 per cent. The larger part of this increase in small sizes was made up of coal washed from the culm banks by plants known as washeries. In 1901 the proportion of sizes shipped varied only slightly from the previous year; prepared sizes being about 60 per cent. of the total shipments, pea about 14 per cent., and sizes smaller than pea about 21½ per cent., the remainder being lump coal. Page 422.

ANNUAL REPORT FOR THE CALENDAR YEAR 1904.

The prosperous condition which was so marked in the anthracite industry in the year 1903 continued during 1904, although the total production for the latter year was not so great. The falling off in the product, however, was more apparent than real, as during the early part of 1903, in the months immediately following the strike of the previous year, every ton of available coal was rushed to market to supply the great demand at that time. As was noted in the report for the year 1903, the stocks of anthracite coal in all parts of the country were completely exhausted during the strike, and the demand from November, 1902, to the middle of 1903 was much greater than the capacity of the collieries to supply it. In addition to this, dealers at all points naturally attempted to provide adequate stocks for the winter of 1903-4, but the severity of the weather during this winter was such as to completely exhaust all supplies of the domestic sizes. Page 533. Page 534.

The year 1904, therefore, started with a good demand for domestic sizes, although there was considerable stock of small coal held in storage. The cold weather continuing

well on in the spring made the late winter and early spring demand for coal exceptionally good, and throughout the entire year the collieries were practically worked to their full capacity.

The heavy demand during the year resulted in good prices being realized on all domestic sizes. This, however, was not true to the same extent of the small coals on account of the keen competition of bituminous coal. However, the average price per ton realized on the entire product of anthracite was fairly satisfactory, although 15 cents below that for the year 1903.

Page 535. The following figures give a comparison of the production, value, men employed, and days worked during the last four years:—

STATISTICS OF ANTHRACITE PRODUCTION, 1901–1904.

Year.	Quantity.	Value.	Average price per ton.	Average number of men employed.	Average number of days worked.
	Long tons.				
1901	60,242,560	$112,504,020	$2.05	145,309	196
1902	36,940,710	76,173,586	2.35	148,141	116
1903	66,613,454	152,036,448	2.50	150,483	206
1904	65,318,490	138,974,020	2.35	155,861	200

ANNUAL REPORT FOR THE CALENDAR YEAR 1905.

SHIPMENTS OF PENNSYLVANIA ANTHRACITE IN 1905.

Page 511.

	Long tons.
Philadelphia & Reading*	20,557,776
Lehigh Valley	11,677,498
Lackawanna	9,554,046
Erie	6,225,622
Delaware & Hudson	5,640,528
Pennsylvania	4,890,635
New York, Ontario & Western	2,864,095
	61,410,200

* Including Central Railroad of New Jersey and Lehigh Coal & Navigation.

Page 655. The whole subject of marketing anthracite coal is an interesting one. On account of the greater expense of mining anthracite as compared with bituminous coal, it is impossible to carry it great distances to compete with bitu-

minous coals in markets where the people are accustomed to bituminous coal and can get it at much less cost. The result of this has been practically to confine the consumption of anthracite to the States along the Atlantic seaboard. It is found that nearly 82 per cent. of the total shipments of anthracite is consumed in the New England States, New York, Pennsylvania, and New Jersey; in addition, 3.4 per cent. goes to the Southern States, practically all of this southern trade being distributed along the Delaware and Maryland Peninsula, to Baltimore and Washington, and to points within easy reach of the coast; and 3.56 per cent. goes to Canada, by tidewater from Philadelphia or New York, by crossing the lakes, or by all-rail routes connecting with the initial anthracite lines. It will thus be seen that only about 11 per cent. of the entire anthracite shipments reaches territory west of Buffalo, Erie, Pittsburgh, or corresponding points.

The distribution to the geographical sections is as follows:—

DISTRIBUTION OF ANTHRACITE COAL IN 1904 AND 1905.

	1904.		1905.	
	Long tons.	Percentage.	Long tons.	Percentage.
Pennsylvania, New York, and New Jersey	38,376,080	66.75	41,501,569	67.58
New England States	8,242,087	14.34	8,692,504	14.15
Southern States	2,061,810	3.58	2,080,088	3.39
Western States	6,579,644	11.44	6,904,314	11.25
Pacific coast	4,500	.01	1,743	0.0
Dominion of Canada	2,193,746	3.82	2,187,450	3.56
Foreign ports	34,646	.06	42,533	.07
Total	57,492,522	100.00	61,410,201	100.00

In spite of the anthracite-consuming territory being so circumscribed geographically, this territory is rich and populous, and it would seem, from a study of the great growth of the bituminous production, that anthracite had scarcely had its proportionate growth. It should be borne in mind, however, that there are certain competitive conditions surrounding this industry which curtail the

Page 656.

increased consumption naturally to be expected with the growing population.

Even the casual observer does not need to be told of the great increase in the use of gas and oil for fuel. The convenience and cleanliness of gas, and the comfort with which it can be used in summer, has resulted in the installation of hundreds of thousands of gas ranges and heaters in the anthracite-consuming territory. A great impetus in this direction was given during the strike of 1902, and what was then done as the result of necessity has continued and grown on account of its convenience.

In addition to these obvious factors affecting the consumption of anthracite coal, there are many other influences which tend to curtail the demand for this product. For instance, in many settlements, especially recent ones, central heating plants have been established. These produce and supply heat at reasonable rates to all houses equipped for such service, thus greatly diminishing the demand for anthracite in these localities, if not (as is the case where bituminous coal is used in these plants) cutting it off altogether. In these cities, too, the growing tendency of people to live in apartment houses is producing the same effect.

These and other more obscure causes tend to limit what would be considered the natural increase in the demand for this product.

It must not be supposed, however, that the anthracite trade has not shown a substantial growth during the last fifteen years, even though it seems small compared with the great increase in the production of bituminous coal. In 1897, when the opinion in the trade respecting the future of this industry was rather gloomy, the writer, in his report to the Survey, expressed himself as follows:—

Note is made in the beginning of this report of the falling off in tonnage for the year 1897 as compared with 1896, and the significance of the reduced production is accentuated when comparison is made with the bituminous coal production in 1897. With very few exceptions, the coal-producing States show an increase over 1896, which

in some cases is large. In Pennsylvania this increase amounted to 4,500,391 long tons, while the increase of bituminous coal production in the United States for the year 1897 over 1896 was 8,908,252 long tons, compared with a decrease of 1,709,213 tons in the production of anthracite.

What conclusion is to be drawn from these facts and figures? It has been persistently contended by those who think they see the ultimate doom of the anthracite industry that this decrease in production indicates the encroachment of two competitive forces which will ultimately result in the undoing of anthracite. The first of these is the competition of bituminous coal with the small sizes of anthracite for steam purposes. That such competition exists and that the bituminous coal often has the better of it can not be doubted, but that bituminous coal will completely displace the small sizes of anthracite in the steam coal market seems improbable, since the latter is used in thousands of places where the former coal would be altogether undesirable. The second of these factors is the growing use of gas as a substitute for coal in domestic uses. Unquestionably the use of gas for cooking and heating purposes in private houses is increasing, but that the domestic market for anthracite coal will be destroyed by it is altogether a different proposition. Those who contend that these factors will permanently narrow the market for anthracite seem to forget that the market for fuel is continually expanding and demanding more and more varied means of supply. It has been the almost universal experience that in a broad field the introduction of new methods and new materials has resulted not in doing away with the old, but in modifying and sometimes actually increasing their use and at the same time providing for the new by opening up new avenues of demand. When gas was introduced the prediction was made that it would altogether supersede oil, but the oil industry continued to grow. When electric light was first introduced it was to do away with gas, but gas companies were never so prosperous as they are to-day.

So it is with anthracite coal. It has a place in the economy of the world to-day, and while of course its market will not grow to the same extent as if it had no competition, one would not be judging the present by past experience if he predicted any great contraction of the anthracite market, but should rather expect a reasonable expansion as the business of the country regains its normal condition. In fact, it would not be fair to judge of the future market of any commodity by the experience of the last few years, which have been years of universal business depression, but it would be more logical to infer that with the natural expansion and growth of trade under healthful conditions the anthracite trade will come in for a share, at least, of the improvement and increase.

Page 657. It is interesting to note to what extent this opinion has been borne out by examining the present conditions in the trade in the section of territory already outlined—the New England States, New York, Pennsylvania, and New Jersey.

In 1891 the total shipments of anthracite amounted to 40,448,336 long tons, and of this quantity about 77 per cent. went to the territory mentioned, or a tonnage of over 31,000,000. The population of these States in 1891 was approximately 17,600,000, which would indicate a per capita consumption of anthracite of about 1.71 tons. In 1905 the population of these States was about 23,000,000, and the shipments of anthracite to this district amounted to over 50,000,000 long tons, or a per capita consumption of 2.18 tons, an increase of nearly half a ton for each inhabitant.

This increase, it is true, is largely accounted for by the great increase in the quantity of small sizes of coal shipped in 1905 as compared with 1891. In the earlier year the amount of pea and smaller sizes shipped was, 9,965,010 long tons, and as this was practically all consumed in the territority above mentioned, it should be deducted from the total quantity going to these in order to get the tonnage of domestic sizes consumed, which would be approximately 21,500,000 long tons, or a per capita con-

sumption of domestic sizes of 1.22. In 1905 the quantity of pea and smaller sizes shipped was 23,984,984 long tons, which, deducted from the total of all sizes, would leave 26,209,089 tons of domestic sizes consumed in these States, or a per capita consumption of 1.14 tons.

It may be objected that the above figures do not represent actual consumption, but only shipments to the territory named, and that there was relatively a larger stock of coal on hand at the close of 1905 than at the close of 1891; therefore to test the above result average years have been taken for comparison—that is, an average of three years ending with 1891 has been compared with an average of three years ending with 1905. The comparison of these average years may be considered a fair one, as the average stock on hand in the 1889-1890-1891 period was probably as large relatively as that for the 1903-1904-1905 period.

The results do not differ materially from the comparison of 1891 and 1905.

They can be stated as follows:—

	Average of years 1889–1890–1891.	Average of years 1903–1904–1905.
	Long tons.	Long tons.
Per capita consumption, all sizes	1.67	2.11
Per capita consumption, large sizes	1.17	1.11
Per capita consumption, small sizes	.50	1.00

It will thus be seen that the relative use of anthracite in the principal consuming States is greater than it was fifteen years ago if all sizes of anthracite be considered, and not much less if only prepared sizes are included, in spite of the greatly-increased use of substitutes for this fuel.

This review would not apply to that part of the product going to the extreme North into Canada or to the extreme South and West as the farther it is moved from the source of supply the more its use becomes a matter of luxury

and not necessity, and the more it yields in competition with cheaper fuels produced locally.

As noted in the discussion of the condition of the anthracite trade, the production for the year 1905 was the largest on record, amounting to 69,339,152 long tons. Of this, 61,654,432 tons were shipped to market, 1,402,644 tons were sold about the mines locally, and 6,282,076 tons were used for steam and heat. In connection with this total product and the quantity shipped it should be noted that 2,777,337 long tons were reclaimed from the culm banks.

ANNUAL REPORT FOR THE CALENDAR YEAR 1906.

Page 1711. Compared with the exceptionally large tonnage of 1905, the production and consumption of anthracite in the year 1906 showed a material decrease. This falling off in the tonnage is, however, easily accounted for. As noted in the report for 1905, the weather conditions during the winter of 1904-5 were such as to drain heavily on the accumulated stocks of anthracite, and the demand during the first three months of 1905 was especially large. The depleted stocks naturally stimulate production, and to this was added the fear of a strike at the termination of the three years' agreement ending April 1, 1906.

The suspension of mining, beginning April 1 and lasting until May 16, resulted for the time being in a loss of about 7,500,000 tons, based upon a monthly production of 5,000,000 tons. Part of this loss had been anticipated by the increased production during the first three months of 1906, in the expectation of a strike, with the result that at the end of May the shipments were only about one month's production less than for the corresponding period of 1905, although the suspension lasted six weeks. During the remainder of the year the shipments about averaged those of 1905, there being a net loss of only 548,444 tons from June 1, 1906, as compared with the corresponding period of 1905.

DEPARTMENT OF THE INTERIOR.

U. S. Geological Survey.

Advance Chapter for Mineral Resources of the U. S., Calendar Year 1907, on the Production of Coal in 1907.

Considered as to tonnage of shipments, the year 1907 Page 170.
was the most remarkable in the history of the anthracite trade, the shipments amounting to 67,109,393 long tons, 5,699,192 tons more than in 1905, which had been the record year; compared with 1906 the increase was 11,410,798 tons.

The principal reason for the large falling off in the shipments for 1906 as compared with 1905 was the suspension of mining from April 1 to May 16, 1906, which resulted in an approximate loss of 7,500,000 tons. This reduction was undoubtedly most effective in stimulating the demand for the remainder of the year 1906, and had the consequent effect of cleaning up stocks and leaving the market in a condition to absorb the great tonnage of 1907. The average of the shipments for the three years from 1905 to 1907, inclusive, is about the same as the tonnage of 1905, and the deficit in the shipments of 1906 is about made up by the increase in 1907—in fact, this average only varies a few thousand tons from the 1905 shipments, as is shown by the following figures:—

Shipments of Pennsylvania Anthracite, 1905-1907, in Long Tons.

1905	61,410,201
1906	55,698,595
1907	67,109,393
Total	184,218,189
Average	61,406,063

It might be said that this average represents the yearly Page 171.
demand under normal business conditions, but such a conclusion could be applied only to a very short period.

There has been a steady though irregular increase in the shipments of anthracite coal. Many estimates and pre-

dictions have been made as to the point when the maximum production would be reached, and the writer has referred to these matters at some length in previous reports, but apart from the yearly variations and the general increase in production, there is abundant evidence that the entire anthracite situation has undergone a complete change within the last ten years in so far as supply and demand are concerned. Ten years ago the producing capacity of the anthracite territory was in excess of the demand; at the present time under normal conditions the market's requirements are quite equal to the supply.

Page 173.

STATISTICS OF ANTHRACITE PRODUCTION, 1903–1907.

Year.	Quantity (long tons).	Value.	Average price per ton.	Average number of men employed.	Average number of days worked.
1903	66,613,454	$152,036,448	$2.50	150,483	206
1904	65,318,490	138,974,020	2.35	155,861	200
1905	69,339,152	141,879,000	2.25	165,406	218
1906	63,645,010	131,917,694	2.30	162,355	195
1907	76,432,421	163,584,056	2.35	167,234	220

ANNUAL REPORT FOR THE CALENDAR YEAR 1908.

Page 159.

In the year 1908, in spite of the financial and business depression, the general results in the anthracite trade were in the main eminently satisfactory. The production for the year was the second largest in the history of the trade, and it is the more remarkable in that it approached that of the year 1907, in which the production was the largest in the anthracite industry.

This situation would seem to corroborate the statements made in previous reports that the demand for anthracite coal under normal business conditions was fully equal to the supply, and it is the opinion of those most familiar with the trade that in the future it will be difficult to

supply the demand for anthracite even in the territory in which it is now generally used, not to mention any demand which may arise from newly developed territory.

This is in spite of the increased use of bituminous coal and coke for domestic purposes, the installation of central heating plants using bituminous coal as a fuel, and the great number of gas plants throughout the country, a large part of the product of which is consumed for domestic purposes, either in heating, cooking or in other ways replacing the former use of anthracite.

It is of course impossible to predict anything definitely in regard to the future of the anthracite industry on account of the competition of other fuels and the possibility of more improved methods of using them.

To illustrate the changed conditions in the anthracite trade during the last five years—that is, from 1904 to 1908, inclusive—as compared with the five-year period from 1894 to 1898, inclusive, it is only necessary to mention that during the latter five-year period the average annual shipments to market amounted to 61,275,125 tons, while in the five-year period ending with 1898 the average annual shipments were 42,923,555 tons, indicating an increase in ten years of nearly 50 per cent. and, as was pointed out before, this is in the face of not only the competition of all other fuels, but also the use of generally improved methods of using such fuels.

What the final results of such conditions may be it is impossible to foresee, but it would seem reasonable that with the increased difficulties and cost of mining and the constantly-increasing demand for anthracite that the cost for this commodity would correspondingly increase. Page 160

Advance Chapter from Mineral Resources.

"*The Production of Coal in 1910.*"

The production of anthracite coal in 1910 was nearly three times that of 1880. Page 19.

The rate of increase in the production of anthracite is not materially different from the increase in population.

The principal demand for anthracite will be in the future, as it has been in the more recent past, restricted largely to domestic trade, for which such sizes as furnace, egg, stove, and chestnut are required. The breaking down of the lump coal, which was formerly a marketable product, for the preparation of the domestic sizes, results in a much larger proportion of the small or undesirable sizes, all of which are sold at less than the cost of production. As shown in the subsequent pages of this report, the percentage of these small sizes has increased from 23.1 per cent. in 1890 to 41.6 per cent. in 1910, while the percentage of sizes above pea coal, or what may be termed the profitable sizes, has decreased from 77 to 58.4 per cent. All of the profits on the mining operations must be obtained from the prepared domestic sizes, for the revenue obtained from the smaller sizes, which are sold largely in competition with bituminous coal for steaming purposes, serves only to reduce the cost of the domestic sizes. The conditions under which the anthracite mines are operated, the greater depths to which the workings are carried, the consequent increased expense of mining, and the increasing cost of labor all contribute to make anthracite fuel more and more a luxury. No hope is held out to the consumer that anthracite will in the future be sold at lower prices than those which prevail to-day, but, on the other hand, there is every reason to believe that prices must advance in accordance with the increasing cost of production. It is only by reason of economical administration that prices are not higher than they are.

Page 21.

During recent years the anthracite operators have adopted the policy of making an allowance of 50 cents per ton from circular prices for domestic coal purchased in April of each year, with an advance of 10 cents per ton for each succeeding month until the schedule prices are restored in September. This has had a more salutary effect in steadying the anthracite trade than any other action taken by those controlling the anthracite industry. Its purpose is to encourage the purchase of coal in the spring and early summer, making the cellars of the con-

sumers the storage places for the following winter, and at the same time to cause the mines to be operated more regularly, thus giving steadier employment to employees throughout the year.

With the exception of the "boom" year, 1907, the production of anthracite in Pennsylvania in 1910 was the largest in the history of the industry. The quantity produced in 1910 was 75,433,246 long tons, an increase over 1909 of 3,048,997 long tons, or 4 per cent. The value increased from $149,181,587 in 1909 to $160,275,302, a gain of $11,093,715, or 7.4 per cent. The production in 1910 was within almost exactly 1,000,000 long tons of the maximum record for 1907, when the output amounted to 76,432,421 long tons. The value of the product in 1907 exceeded that of 1910 by $3,308,754. The average price per ton at the mines in 1910 was $2.12, against $2.06 in 1909, $2.13 in 1908 and $2.14 in 1907. Page 181.

In former years the colliery consumption was not considered as having any market value, consisting as it did of screenings, or culm, which, unless so used, was wasted. More recently, through the invention of grates and furnaces adapted to the use of small sizes of anthracite, stimulated by the higher prices of the prepared sizes, the percentage of waste has been reduced to a minimum. "Buckwheat," "rice," "barley," and even culm are now important steam-raising fuels, particularly in hotels, apartment houses, and large office buildings in the larger cities of the East, where smoke-inhibiting ordinances are in force. In fact, these small sizes are now the only grades of anthracite used to any extent for this purpose, and are the only sizes that will compete with bituminous coal for steam raising in the eastern markets. An object lesson in practical conservation is here furnished and, to the credit of the operators in the anthracite region be it said, it was put into effect a number of years before the agitation over the conservation of natural resources began. Page 182.

Of the total production of 75,433,246 long tons in 1910, 4,184,629 tons were recovered from the old culm banks by washeries, and 91,833 tons were recovered by dredges from

the bed of Susquehanna River. The total output from the mines was 71,156,784 long tons. In 1909 the mine production was 67,945,137 long tons.

The policy adopted several years ago by the operators of allowing discounts from the circular prices for coal purchased in the spring and early summer months continues to work satisfactorily. The discounts allowed on domestic sizes are 50 cents a ton in April, 40 cents a ton in May, 30 cents in June, 20 cents in July, and 10 cents in August, the circular prices being restored in September. The inducement thus offered to make the cellars of consumers the storage places for the winter supplies of fuel has had a notably steadying influence on the trade and gives employment to the miners through the entire year, against rush work in winter and much idleness in summer before the rule became effective. The effect of the discounts on shipments in 1910 is shown in the fact that the shipments in April, May, and June each exceeded those in either January, February, or March. April shipments were larger than in any other month except December, which was exceptionally cold. The effect upon the miners is shown in the figures giving the average number of days worked. From 1897 to 1901, inclusive, the average number of days worked in the anthracite mines ranged from 150 to 196, with a mean average of 165 days. From 1906 to 1910 the average number of working days ranged from 195 to 229, with a mean average of 210. This means, in addition to the increase in wages following the strike of 1902, and the further benefits secured to the miners through the sliding scale created at the same time, that the miners, by reason of an increase of 27 per cent. in their working time, are able to further supplement their earnings by that percentage. With these facts in mind one may easily believe the statements frequently made that at no time in the history of the anthracite trade have there existed the prosperity and contentment that have had place in the region during the last eight years.

Page 183.

Advance Chapter from Mineral Resources of the U. S. for 1911.

"*The Production of Coal in 1911.*"

The increase in the production of anthracite bears an approximate relation to the increase in population. This has been particularly marked during the last two decades, or since the use of anthracite for iron making and in other branches of manufacture has practically disappeared. Page 168. Page 169.

Its use is now confined principally to domestic consumption and to the heating of hotels, apartment houses, and large office buildings.

The production of anthracite in 1911 was something more than double that of the average production from 1886 to 1890.

Production of Anthracite Coal Since 1876, by Averages of Five-Year Periods, in Short Tons.

Period.	Anthracite. Quantity.
1876–1880	25,800,169
1881–1885	36,198,188
1886–1890	43,951,763
1891–1895	53,405,187
1896–1900	55,625,265
1901–1905	66,853,778
1906–1910	81,142,214
1911	90,464,067

The production of anthracite in Pennsylvania in 1911 reached the highest point in the history of the industry, exceeding the previous maximum record of 1907 by 4,300,000 long tons. The quantity of anthracite produced in 1911 was 80,771,488 long tons, valued at $175,189,392. In 1910 the output amounted to 75,433,246 tons, valued at $160,275,302, indicating an increase in 1911 of 5,338,242 long tons, or 7 per cent. in quantity, and of $14,914,090, or 9 per cent. in value. In this increased activity and augmented production in 1911 the anthracite industry was in marked contrast to the bituminous industry, which showed decreases throughout most of the mining regions. Page 170.

Moreover, throughout most of the bituminous districts prices were generally demoralized, whereas the average price for anthracite in 1911 was 5 cents higher than in 1910. This does not mean, however, that there was a general advance of prices for anthracite in 1911. The prices for the domestic sizes above pea coal in 1911 were the same as in 1910; but the proportion of the larger and higher-priced sizes sent to market in 1911 was greater than in 1910 or 1909, and the quantity of cheaper coal recovered by washeries was less in 1911 than in any of the preceding five years.

The increased production of anthracite in 1911 was probably due, in part at least, to an activity in the later part of the year, stimulated by the anticipation of and to make provision for an expected suspension of mining when the third three-year period of wage agreements should terminate, on March 31, 1912. How much of such coal went into storage has not been reported, but it is certain that the unusually, if not unprecedentedly severe winter of 1911-12 necessitated the practical exhaustion of such storage coal before the suspension took place.

Page 171.

The recovery from the culm banks and the small sizes obtained from the freshly-mined coal constituted over 40 per cent. of the total quantity of anthracite sent to market. In 1911 out of total shipments amounting to 70,424,197 long tons, 41,728,071 long tons, or 59.2 per cent., were of sizes above pea coal, and 28,696,126 long tons, or 40.8 per cent., were pea and smaller. The price of pea coal at the mines is very close to actual cost, and the sizes below pea—buckwheat No. 1, buckwheat No. 2, or rice, and buckwheat No. 3, or barley—are sold below the cost of production, the prices for these sizes in 1911 being, respectively, $1.60, $1.43, and $1.13. The production of buckwheat No. 1 was 9,836,638 long tons; of buckwheat No. 2, 6,239,134 tons; and of buckwheat No. 3, 3,924,467 tons. "Screenings" to the amount of 413,838 tons were also included in the production. The total production of sizes below pea was 20,414,077 long tons.

The statistics of anthracite production during the last five years are represented in the table following:— Page 172.

STATISTICS OF ANTHRACITE PRODUCTION, 1907–1911.

Year.	Quantity (long tons).	Value.	Average price per ton.	Average number of men employed.	Average number of days worked.
1907	76,432,421	$163,584,056	$2.14	167,234	220
1908	74,347,102	158,178,849	2.13	174,174	200
1909	72,384,249	149,181,587	2.06	*171,195 †166,801	205
1910	75,433,246	160,275,302	2.12	169,497	229
1911	80,771,488	174,952,415	2.17	172,585	246

* State mining department figures. † U. S. census figures.

ADVANCE CHAPTER FROM MINERAL RESOURCES OF THE U. S. FOR 1912.

"The Production of Anthracite in 1912."

The production of anthracite in Pennsylvania in 1912 amounted to 75,322,855 long tons, valued at $177,622,626, a decrease in quantity, as compared with 1911, of 5,448,633 long tons, or 6.7 per cent. The smaller production in 1912 was due entirely to the suspension of mining operations on April 1, pending the settlement of certain demands by the miners for changes in the agreement under which work had been carried on during the three previous years. The suspension was practically complete during the entire month of April and most of May. Notwithstanding the loss of time due to the suspension the average working time was only 15 days less than that of 1911. Page 3.

On April 1, 1912, mining operations were suspended until a new agreement was signed on May 20. This agreement provided for an extension of four years, or until March 31, 1916, and granted an advance of 10 per cent. in wages and some other changes.

It is yet too soon to form a conclusive opinion as to the effect of this modification of the awards, but during 1912, after work was resumed, operations were interrupted by Page 7.

numerous strikes, which fortunately were not of long duration and were not accompanied by acts of violence. The shortage created by the suspension, estimated from the average monthly shipments during the 10 months of regular work, was about 10,500,000 long tons.

Page 8. In the earlier days of anthracite mining the colliery consumption consisted of a portion of the product which otherwise would have gone to the culm banks. Nowadays there is a market for almost any grade of anthracite that will burn. No more coal goes to the culm banks except for temporary storage and subsequent recovery by washeries. The old culm banks themselves are contributing their share to the total production, and these unsightly monuments to former waste are rapidly disappearing. Even the waste from the culm-bank washeries is being made to serve a useful purpose, as it is flushed into the mines and partly fills old workings, where it cements together and furnishes supports to the roof when the coal previously left for pillars is removed. This utilization of the waste prevents, too, the injury to farm lands in the valleys, a serious cause of complaint among the farmers

Page 9. when, as in earlier days, the waste from the washeries was spread over their lands in flood seasons.

The recovery from the culm banks and the output of small sizes from freshly-mined coal constitute about 40 per cent. of the total quantity of anthracite sent to the market. In 1912, out of total shipments amounting to 65,201,253 long tons, 25,690,541 long tons, or 39.4 per cent., consisted of pea and smaller sizes, while the prepared or domestic sizes, including a relatively small quantity of lump or steamboat, made up 60.6 per cent. Of the total of 25,690,541 long tons of small coal, the culm bank washeries contributed 3,155,150 tons, or 12.3 per cent. As noted in the preceding table, the circular prices per long ton at the mines on small sizes in 1911 were for pea, $2; for buckwheat No. 1, $1.50; for buckwheat No. 2, or rice (average price for year), 54 cents; and for buckwheat No. 3, or barley, 34 cents. In 1912 the prices for these grades were, respectively, $2.50, $1.50, 63.4 cents, and

39 cents. In compiling the statistics of production in 1912, the colliery consumption, when not valued by the companies, has been given an arbitrary value of 50 cents a ton, between the value of rice and of barley. It is of interest to note how these prices compare with the cost of production. In 1909, according to a bulletin issued by the Bureau of the Census, the total expenses involved in the mining of anthracite were $139,324,467, divided into salaries and wages, $96,900,963; supplies and materials, $26,697,966; royalties and rentals, $7,980,739; contract work (outside of contract miners), $1,701,514; taxes and sundries, $6,043,285. It will be observed that these expenses do not include any offsetting charges for depreciation or amortization, or for interest on capital invested or borrowed. They are for salaries and mine expenses only. In the same year the production of anthracite amounted to 72,384,249 long tons, so that the cost of mining per ton was $1.93. The average price in that year was $2.06 or 13 cents above actual cost. The mining rates were not changed until the advance of 10 per cent. was granted in the agreement of May, 1912, and it may be assumed that the other factors were proportionate, so that until the advance of wages in 1912 the cost per ton of producing anthracite was the same as in 1909, except that as the workings become deeper the expenses are gradually augmented. The circular price on pea coal, which constitutes about 28 per cent. of the small sizes, was 6 cents over mining cost in 1911; on buckwheat No. 1, which makes up 34 per cent. of the total, it was 44 cents below cost; on buckwheat No. 2 (22 per cent. of the total) it was $1.40 below cost; and on buckwheat No. 3 (14 per cent. of the total) it was $1.55 below cost.

If the advance of 10 per cent. in wages in 1912 were not accompanied by any other increase in expenses, the cost of mining, exclusive of depreciation, amortization, and interest, would be increased to $2.07 a long ton; the circular price for pea coal was 43 cents above cost and the three smaller sizes were, respectively, 57 cents, $1.445, and $1.68 below cost. The average value per ton for all sizes of anthracite in 1912 was $2.36, or 29 cents above mining

cost after the wage agreement went into effect. The average value per ton in 1911 was 24 cents above mining cost.

The usual spring reductions were not put into effect on April 1, 1912, owing to the suspension of mining and the apprehended scarcity of fuel. In June, however, when operations were fully resumed, the reduction of 30 cents for that month was made, followed by the 20-cent discount in July and the 10-cent discount in August, circular prices being restored in September.

The policy of allowing these spring discounts was adopted in 1903, after the settlement of the great strike in 1902. The inducement was offered for the purpose of encouraging consumers to lay in their winter supplies during the summer season, when operations and transportation were not liable to interruption by vicissitudes of the weather. It has resulted in steadier employment to the mine workers, as the collieries are now operated practically as actively in summer as in winter, as shown by the shipments in the normal year of 1911. The average shipments for the 6 months from April to September in that year were 5,736,070 tons; those for the first 3 months and last 3 months of the year averaged 5,924,080 tons. The prosperous condition of the anthracite region during the last 10 years has been due in large part to this cause. The effect upon the working time is exhibited by the fact that in the 10 years preceding 1903, or rather from 1892 to 1901, inclusive (1902, the year of the great strike, being abnormally short in working time), the average number of days worked in the anthracite region ranged from 150 to 198, with a mean average for the 10 years of 179 days; in the 9 years from 1903 to 1912 the average number of working days ranged from 195 (in 1906) to 246 (in 1911), with a mean average for the entire period of 216 days. The average working time in the later period shows an increase of 20.7 per cent. over that of the earlier. The advance in wages given by the award of the Anthracite Commission added 10 per cent. to the compensation of the mine workers and approximately 5 per cent. more was earned through the operation of the sliding scale until it was abolished

by the new agreement in 1912, when another flat advance of 10 per cent. was granted. It may be readily seen from the foregoing statement that the average yearly earnings in the 9 years from 1903 to 1912 were about 35 per cent. more than in the 10 years before the strike and before the policy of allowing the spring and summer discounts was put into force.

In spite of the seven weeks' suspension in April and May the average working time made in 1912 compares favorably even with the unusually high record in 1911 (246 days) and with the mean average for the nine years of which 1912 forms a part. As shown above, the mean average from 1903 to 1912 was 216 days. In 1912 the average working time was 231 days, the unwonted activity before and subsequent to the shutdown having made up in large part the time lost. The influence of the suspension is exhibited in the average tonnage won per man employed. In 1912 the average number of employees in the anthracite region, according to the returns to the Survey, was 173,513. The average output per man for the year was 434 long tons, and for each working day the average production per man was 1.88 tons. These figures compare with 445 tons and 1.94 tons, respectively, in 1910 and with 468 tons and 1.9 tons in 1911. The smaller ratios in the personal equation for 1912 were due to the efficiency lost in getting the collieries into working shape when work was resumed.

The statistics of anthracite production during the last six years are presented in the following table:— Page 11.

STATISTICS OF ANTHRACITE PRODUCTION, 1907–1912.

Year.	Quantity (long tons).	Value.	Average price per ton.	Average number of men employed.	Average number of days worked.
1907	76,432,421	$163,584,056	$2.14	167,234	220
1908	74,347,102	158,178,849	2.13	174,174	200
1909	72,384,249	149,181,587	2.06	*171,195 †166,801	205
1910	75,433,246	160,275,302	2.12	169,497	229
1911	80,771,488	174,952,415	2.17	172,585	246
1912	75,322,855	177,622,626	2.36	174,030	231

* State mining department figures. † U. S. census figures.

Page 17.

ANNUAL SHIPMENTS FROM THE SCHUYLKILL, LEHIGH AND WYOMING REGIONS, 1820-1912, LONG TONS.

Year.	Schuylkill region.		Lehigh region.		Wyoming region.		Total.
	Quantity.	Percentage.	Quantity.	Percentage.	Quantity.	Percentage.	Quantity.
1820			365				365
1821			1,073				1,073
1822	1,480	39.79	2,240	60.21			3,720
1823	1,128	16.23	5,823	83.77			6,951
1824	1,567	14.10	9,541	85.90			11,108
1825	6,500	18.60	28,393	81.40			34,893
1826	16,767	34.90	31,280	65.10			48,047
1827	31,360	49.44	32,074	50.56			63,434
1828	47,284	61.00	30,232	39.00			77,516
1829	79,973	71.35	25,110	22.40	7,000	6.25	112,083
1830	89,984	51.50	41,750	23.90	43,000	24.60	174,734
1831	81,854	46.29	40,966	23.17	54,000	30.54	176,820
1832	209,271	57.61	70,000	19.27	84,000	23.12	363,271
1833	252,971	51.87	123,001	25.22	111,777	22.91	487,749
1834	226,692	60.19	106,244	28.21	43,700	11.60	376,636
1835	339,508	60.54	131,250	23.41	90,000	16.05	560,758
1836	432,045	63.16	148,211	21.66	103,861	15.18	684,117
1837	530,152	60.98	223,902	25.75	115,387	13.27	869,441
1838	446,875	60.49	213,615	28.92	78,207	10.59	738,697
1839	475,077	58.05	221,025	27.01	122,300	14.94	818,402
1840	490,596	56.75	225,313	26.07	148,470	17.18	864,379
1841	624,466	65.07	143,037	14.90	192,270	20.03	959,773
1842	583,273	52.62	272,540	24.59	252,599	22.79	1,108,412
1843	710,200	56.21	267,793	21.19	285,605	22.60	1,263,598
1844	887,937	54.45	377,002	23.12	365,911	22.43	1,630,850
1845	1,131,724	56.22	429,453	21.33	451,836	22.45	2,013,013
1846	1,308,500	55.82	517,116	22.07	518,389	22.11	2,344,005
1847	1,665,735	57.79	633,507	21.98	583,067	20.23	2,882,308
1848	1,733,721	56.12	670,321	21.70	685,196	22.18	3,089,238
1849	1,728,500	53.30	781,556	24.10	732,910	22.60	3,242,966
1850	1,840,620	54.80	690,456	20.56	827,823	24.64	3,358,899
1851	2,328,525	52.34	964,224	21.68	1,156,167	25.98	4,448,916
1852	2,636,835	52.81	1,072,136	21.47	1,284,500	25.72	4,993,471
1853	2,665,110	51.30	1,054,309	20.49	1,475,732	28.41	5,195,151
1854	3,191,670	53.14	1,207,186	20.13	1,603,478	26.73	6,002,334
1855	3,552,943	53.77	1,284,113	19.43	1,771,511	26.80	6,608,567
1856	3,603,029	52.91	1,351,970	19.52	1,972,581	28.47	6,927,580
1857	3,373,797	50.77	1,318,541	19.84	1,952,603	29.39	6,644,941
1858	3,273,245	47.86	1,380,030	20.18	2,186,094	31.96	6,839,369
1859	3,448,708	44.16	1,628,311	20.86	2,731,236	34.98	7,808,255
1860	3,749,632	44.04	1,821,674	21.40	2,941,817	34.56	8,513,123
1861	3,160,747	39.74	1,738,377	21.85	3,055,140	38.41	7,954,264
1862	3,372,583	42.86	1,351,054	17.17	3,145,770	39.97	7,869,407
1863	3,911,683	40.90	1,894,713	19.80	3,759,610	39.30	9,566,006
1864	4,161,970	40.89	2,054,669	20.19	3,960,836	38.92	10,177,475
1865	4,356,959	45.14	2,040,913	21.14	3,254,519	33.72	9,652,391
1866	5,787,902	45.56	2,179,364	17.15	4,736,616	37.29	12,703,882
1867	5,161,671	39.74	2,502,054	19.27	5,325,000	40.99	12,988,725
1868	5,330,737	38.52	2,502,582	18.13	5,968,146	43.25	13,801,465
1869	5,775,138	41.66	1,949,673	14.06	6,141,369	44.28	13,866,180
1870	4,968,157	30.70	3,239,374	20.02	7,974,660	49.28	16,182,191

Page 18.

ANNUAL SHIPMENTS FROM THE SCHUYLKILL, LEHIGH AND WYOMING REGIONS, 1820–1912, LONG TONS.—*Continued.*

Year.	Schuylkill region.		Lehigh region.		Wyoming region.		Total.
	Quantity.	Percentage.	Quantity.	Percentage.	Quantity.	Percentage.	Quantity.
1871	6,552,772	41.74	2,235,707	14.24	6,911,242	44.02	15,699,721
1872	6,694,890	34.03	3,873,339	19.70	9,101,549	46.27	19,669,778
1873	7,212,601	33.97	3,705,596	17.46	10,309,755	48.57	21,227,952
1874	6,866,877	34.09	3,773,836	18.73	9,504,408	47.18	20,145,121
1875	6,281,712	31.87	2,834,605	14.38	10,596,155	53.75	19,712,472
1876	6,221,934	33.63	3,854,919	20.84	8,424,158	45.53	18,501,011
1877	8,195,042	39.35	4,332,760	20.80	8,300,377	39.85	20,828,179
1878	6,282,226	35.68	3,237,449	18.40	8,085,587	45.92	17,605,262
1879	8,960,829	34.28	4,595,567	17.58	12,586,293	48.14	26,142,689
1880	7,554,742	32.23	4,463,221	19.05	11,419,279	48.72	23,437,242
1881	9,253,958	32.46	5,293,676	18.58	13,951,383	48.96	28,500,017
1882	9,459,288	32.48	5,689,437	19.54	13,971,371	47.98	29,120,096
1883	10,074,726	31.69	6,113,809	19.23	15,604,492	49.08	31,793,027
1884	9,478,314	30.85	5,562,226	18.11	15,677,753	51.04	30,718,293
1885	9,488,426	30.01	5,898,634	18.65	16,236,470	51.34	31,623,530
1886	9,381,407	29.19	5,723,129	17.89	17,031,826	52.82	32,136,362
1887	10,609,028	30.63	4,347,061	12.55	19,684,929	56.82	34,641,018
1888	10,654,116	27.93	5,639,236	14.78	21,852,366	57.29	38,145,718
1889	10,486,185	29.28	6,294,073	17.57	19,036,835	53.15	35,817,093
1890	10,867,822	29.68	6,329,658	17.28	19,417,979	53.04	36,615,459
1891	12,741,258	31.50	6,381,838	15.78	21,325,240	52.72	40,448,336
1892	12,626,784	30.14	6,451,076	15.40	22,815,480	54.46	41,893,340
1893	12,357,444	28.68	6,892,352	15.99	23,839,741	55.33	43,089,537
1894	12,035,005	29.08	6,705,434	16.20	22,650,761	54.72	41,391,200
1895	14,269,932	30.68	7,298,124	15.69	24,943,421	56.63	46,511,477
1896	13,097,571	30.34	6,490,441	15.03	23,589,473	54.63	43,177,485
1897	12,181,061	29.26	6,249,540	15.00	23,207,263	55.74	41,637,864
1898	12,078,875	28.83	6,253,109	14.92	23,567,767	56.25	41,899,751
1899	14,199,009	29.79	6,887,909	14.45	26,578,286	55.76	47,665,204
1900	13,502,732	29.94	6,918,627	15.33	24,686,125	54.73	45,107,484
1901	16,019,591	29.92	7,211,974	13.45	30,337,036	56.63	53,568,601
1902	8,471,391	27.15	3,470,736	11.12	19,258,763	61.73	31,200,890
1903	16,474,790	27.75	7,164,783	12.07	35,723,258	60.18	59,362,831
1904	16,379,293	28.49	7,107,220	12.36	34,006,009	59.15	57,492,522
1905	17,703,099	28.83	7,849,205	12.78	35,857,897	58.39	61,410,201
1906	16,011,285	28.75	7,046,617	12.65	32,640,693	58.60	55,698,595
1907	20,141,288	30.01	8,320,653	12.41	38,638,452	57.58	67,109,393
1908	18,006,464	27.85	7,786,255	12.04	38,872,295	60.11	64,665,014
1909	16,864,147	27.21	7,532,271	12.16	37,573,467	60.63	61,969,885
1910	17,845,020	27.49	8,627,539	13.29	38,433,227	59.22	64,905,786
1911	19,375,369	27.70	9,775,018	13.97	40,803,912	58.33	69,954,299
1912	18,013,406	28.32	8,571,861	13.47	37,025,311	58.21	63,610,578
Total	594,758,510	31.59	291,829,976	15.50	996,372,777	52.91	1,882,961,263

The Government reserves the right to quote from any of the same sources from which extracts are taken in the matters just put in evidence.

(Adjourned to meet at 143 Liberty Street, New York City, Monday, April 20th, 1914, at 11 A. M.)

NEW YORK, N. Y., Monday, April 20th, 1914.

Meeting held at 143 Liberty Street, New York, N. Y., Monday, April 20th, 1914.

Present—The Examiner; Messrs. Coudert, Kingsbury and Gordon, Special Assistants to the United States Attorney General, for the Government; Jackson E. Reynolds, Esq., and Henry Drinker, Jr., for defendants.

(Referring to the offer made at the last meeting of certain extracts from the reports of the Pennsylvania Railroad Company, the Pennsylvania Company, and the Baltimore and Ohio Railroad Company, counsel for the Government renew their objection, on the ground of irrelevancy and immateriality, and now give notice of a motion to strike out all of such extracts.)

EDWARD HAMLIN, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. Where is your residence? A. My legal residence is in Marion, Massachusetts.

Q. Where is your business? A. In Boston.

Q. What is the nature of your business? A. Retail handlers of coal for greater Boston, both anthracite and bituminous coal.

Q. Is the Metropolitan Coal Company your company there? A. Yes, sir.

Q. Are you a purchaser of both bituminous and anthracite coal? A. Yes, sir.

Q. What has been your experience in the last ten or fifteen years as to the effect on the anthracite coal business of other substitute fuels in your territory? A. The anthracite business in my territory is rapidly going down hill, rapidly decreasing. There is less anthracite coal consumed in Greater Boston to-day by three or four hundred thousand tons than there was ten or twelve years ago, and that in spite of the fact that in that time the population of Boston has increased more than thirty per cent.

Q. What have been the influences, under your observation, that have produced this result? A. Some years ago

anthracite coal was the principal factor. Practically there is no anthracite coal burned now in Boston and vicinity where bituminous coal can be used. We use a great deal of anthracite pea and dust and smaller buckwheats, and cheaper grades of anthracite coal to mix with bituminous coal so as to reduce the amount of smoke. That is practically all that anthracite coal is now used for, for clean purposes.

Q. In the large office buildings and apartment houses in Boston, what is the fuel generally? A. Bituminous coal.

Q. In detached houses, in the matter of cooking, has there been any substitute for anthracite coal introduced? A. Yes, sir; very largely. It was introduced some period back. For the last ten years gas has been introduced into almost every house in the vicinity, and gas is used now in cooking stoves, I was going to say almost universally, it is not quite so bad as that, but it is very largely used. For instance, the amount of gas that is produced to sell in Greater Boston in the last ten years has increased one hundred per cent., which means, of course, that coke, which is another by-product, has also increased a hundred per cent. But, coke goes into the ordinary retail business as much as gas—coke interferes with it as much as the gas. So coke, gas, electricity, and, to a certain extent, bituminous coal, have succeeded in reducing the amount of coal consumed in Boston at least three or four hundred thousand tons a year, that is, prepared sizes, in spite of the fact that in that same time the population has increased more than thirty per cent. I have got all these figures tabulated if you would like to see them.

Q. About ten years ago the large companies put into effect a plan of coal sales under which the price dropped in April on the higher prepared sizes fifty cents a ton, and then it was moved up ten cents per ton until the time when the price was stable again for the remainder of the year. Was that sort of arrangement put into effect by the large companies in selling to the distributors in Boston and New England also? A. Yes, sir; I think so.

Q. What has been the effect on the coal business of that plan of merchandising coal? Has it been to restrain the coal business, or to put it on a better merchandising basis? A. To put it on a better basis distinctly. For instance, there

is no anthracite coal consumed in Boston practically from the middle of April to the middle of September say. On this lower basis of price it enables us to put our retail price on a lower basis, and it is an inducement to people to buy coal in anticipation of their wants. It leaves the road clear for people who need coal in the Winter, and we have trouble enough to supply them with coal in the Winter. We could not do the business otherwise.

Q. Does it help the distributor of coal to distribute his coal? A. Yes, sir. It makes us buy our coal earlier, and by the same process we get rid of the coal in the Summer months. It makes a great difference in distribution of the coal throughout the year.

Q. Does it have an appreciable effect on the reduction of your cost of distribution? A. Yes, sir; very largely.

Q. Just how? A. In our business, the question of tonnage regulates it largely. If we can do ten thousand tons a week, for instance, we can have a certain cost of doing business. If we can increase that to fifteen thousand tons, that extra five thousand tons is largely profit. If we decrease it below the ten thousand the whole is distinctly a loss. So by making a uniform basis throughout the year, we can do our business more economically, and have, of course, the advantage of it.

Q. It enables you to keep about the same equipment of teams or automobiles or horses? A. Yes, sir; very largely so. Of course, we are not as busy in the Summer months as we are in the Winter months. If it was not for the lower price we give, we would not be busy at all.

Q. Are you miners of coal at all? A. No, sir.

Q. You are simply distributors in your locality? A. Yes, sir.

Q. Do you purchase coal from the large producers of anthracite coal? A. We do.

Q. What ones? A. I think all of them. All, so far as I know.

Q. Do you purchase from the Philadelphia and Reading Coal and Iron Company? A. We do.

Q. And from the Lehigh and Wilkes-Barre Coal Company? A. Yes, sir.

Q. And from the Lehigh Coal and Navigation Company? A. Yes, sir.

Q. Can you say from your experience with the purchase of coal from those various companies, as to whether they compete for your business? A. They do, without any exception.

Q. In what way do they compete? A. Their sales agents are after us all the time to sell us coal, the same as any competition in business, except price. The price competition has not been so marked. But, with that exception, in every way possible they try to compete.

Q. Are you convinced from your own experience that the sales agent of the Lehigh and Wilkes-Barre really tries to compete with the Philadelphia and Reading and displace the Reading coal and get orders away from the Reading agent? A. I have never seen any difference between the agent of the Lehigh and Wilkes-Barre and the Reading than I have between the agent of the Reading and the Ontario and Western or Erie or D. L. and W. or the Lehigh Valley or any companies, they are all just the same.

By Mr. Coudert:

Q. All act about alike? A. All competing for my business.

By Mr. Reynolds:

Q. You do not, as I understand you, find any great competition between the Wilkes-Barre and the Reading as to price? A. No, sir; we do not.

Q. Is there any competition between the Lehigh Coal and Navigation Company's sales agents on the one hand, and the Reading and Wilkes-Barre on the other for your business? A. Yes, sir.

Q. Does that competition extend to the point of being a competition in price? A. It has at times, yes, sir.

Q. What sort of times are those, dull or brisk times? A. In dull times.

Cross examination.

By Mr. Coudert:

Q. You have been purchasing coal from these various companies for how many years? A. I should say twenty-six years. I went in business in 1886.

Q. Has there been any considerable change in the price of the various sizes of anthracite coal during that time? A. Oh, yes. The first part of the time there was considerable competition, and all the anthracite companies were in bankruptcy.

Q. At that time the competition was severe? A. Yes, sir; practically all of them. There were only two or three of them I think that were holding their heads above the water.

Q. About how long did that severe competition between the companies endure? Do you remember? A. I think it endured longer than most of the companies.

Q. That was about how long in time? A. I think the policy changed—I should think about the time of the great coal strike in 1902. I should think so, looking back, without verification.

Q. After that there was a uniformity in the prices, was there not? A. Yes, sir.

Q. It has continued practically ever since? A. Yes, sir; to a greater or less extent.

Q. That was in 1902; am I right in the date? A. Yes, sir; in 1902.

Q. Are the larger sizes of anthracite coal used in furnaces for heating houses in Boston? A. What do you mean by the larger sizes?

Q. The stove size and the egg. A. Stove is not used much in furnaces. Egg and broken coal are used largely, but broken coal is used less and less. Mostly egg coal in heaters.

Q. Is that generally used in furnaces in private houses? A. Yes, sir.

Q. Are those furnaces quite extensively used in Boston? A. In separate houses they are; yes, sir.

Q. Did I understand you to say that the smaller sizes of anthracite competed in your market with bituminous, or merely that they were mixed? A. No; they supplement the bituminous coal in our market owing to our rigid smoke laws. It is much easier to burn all the cheaper grades of buckwheat with bituminous, which stops the smoke to a certain extent and lets the bituminous coal come under our smoke law.

Q. Is it used for factory purposes? The anthracite is

very valuable because of the law against smoke nuisance, is it not? A. No, sir; it is not very valuable, because we use the refuse of anthracite coal for the same purpose.

Q. It is valuable in the sense that it allows the bituminous to be used? A. No, sir; it is only used as a make-shift. We only use it as a make-shift in handling anthracite coal. We make six to eight per cent. of what we call screenings, refuse, coal dust, and that coal we sell with the bituminous. We supplement with small sizes of anthracite coal where we cannot get enough of the screenings.

Q. How do those smaller sizes that are used for factory purposes compare in price with the bituminous coal? A. You would have to name a size for me to give a logical correct answer in that way.

Q. Please do so. A. The pea and dust is shipped all the way from $2.25 to $2.60 a ton delivered in Boston, different prices. Bituminous coal in Boston would cost $3.75. Buckwheat No. 3, smaller size buckwheat, I suppose, would cost about $2.25 delivered in Boston as against the vicinity of $3.75 best grades of bituminous coal.

Q. Would the use of anthracite be enhanced or affected by a raising or change in the price of bituminous coal? A. It would not; no.

Q. Are there any purposes for which the two coals compete? A. Not in our market. Not that I know of.

Q. In other words, with the exception of the admixture of anthracite with the bituminous, of which you have spoken, the two coals perform different functions, so to speak? A. Yes, sir.

Q. And are adapted to different purposes? A. Yes, sir.

Q. And do not come into competition with each other? Am I right about that? A. Yes, sir. The smaller sizes.

Q. Your business has been on a considerably better and sounder and safer basis, has it not, since there has been a substantial uniformity of price? A. I do not know as I would say our own individual business has. I think the coal business as a whole has.

Q. You are quite satisfied with the existing situation? A. I am not sure that I am. I think the public is better off. I am not sure that a large buyer of coal would be better off.

Q. How do the anthracite prices, say on the larger sizes, for illustration, compare to-day with those that were in vogue when you first went into business? A. I could not give you off-hand the figures on that. They are higher.

Q. Has there been an increase or a decrease? A. An increase.

Q. It has been very considerable on the ton, has it not? Roughly speaking, what is it? A dollar or a dollar and a half? A. I would not want to make a statement without having the figures before me. There has been a considerable increase, I should say.

Q. If you would prefer to have the figures before you answer that question, will you please tell me what you sold the various sizes of anthracite coal for during the first five years which you were in business? You can file them as your answer. A. I could not do it off-hand here now. I will furnish the figures.

The witness furnished the following:—

My old firm, E. S. Hamlin & Co., in 1898 consolidated with several others of the retail coal firms in Boston into the Metropolitan Coal Company. I find that the ledgers of E. S. Hamlin & Co. have long since been destroyed, and I have no means of ascertaining what our prices were in the years above mentioned. However, as the retail price of coal has always, since I have been in business, been uniform in the city, owing to the fact that there is but one article and the same quality, I have no doubt but that the prices of E. S. Hamlin & Co., were the same as those noted within.

RETAIL PRICES OF STOVE COAL IN BOSTON.

	1887	1888	1889	1890	1891
Jan.	$6 00	$7 75	$6 50	$6 25	$5 50
	6 50				
Feb.	6 50	7 25	6 50	6 25	5 50
Mch.	6 00	6 75	6 00	6 25	5 50
Apr.	6 00	6 50	6 00	5 75	5 50
May	5 50	6 00	6 00	5 75	5 50
June	5 50	6 00	6 00	5 50	5 50
July	5 75	6 00	6 00	5 50	5 50
Aug.	5 75	6 25	6 00	5 50	5 50
Sept.	5 75	6 50	6 00	5 50	5 50
Oct.	6 00	6 50	6 25	5 50	5 50
	6 25				
Nov.	7 00	6 50	6 25	5 50	5 50
	7 25				
Dec.	7 25	6 50	6 25	5 50	5 50

Q. Will you also give me from your figures at your convenience the prices which you paid for these various sizes of anthracite during the first five years when you were engaged in the business? A. What do you mean by that? Do you mean a fair average price of all the coals we bought?

Q. Suppose you give me the fair average price of the various sizes for each year. That would be a fair average, would it not? A. I should think so.

Q. Your company is a very large one? Does it deal throughout all of New England? A. No, sir; only in Greater Boston.

Q. Are you familiar with the prices outside of Boston and throughout New England also? A. Do you mean the wholesale prices?

Q. Yes. A. I presume they are the same, except the freight.

Q. You are practically sure of that, are you not? A. Yes, sir. Simply the price is so much at the mines, and the rate of freight added.

Q. In what various proportions do you purchase from the Lehigh and Wilkes-Barre Company, the Philadelphia and Reading Coal and Iron Company, and the Lehigh Coal and Navigation Company. A. It would be pretty hard to state off-hand.

Q. Can you tell me in a general way? A. I think we buy more of the Reading coal than we do of any of the other coals.

Q. Would you say twice as much or three times as much? A. No. Not quite as much as that.

Q. Very considerably more? A. Yes, sir.

Q. Have you any particular reason for preferring the Reading? A. Yes, sir. Because they have a large fleet of barges, five or six times as large as any other company, and so they can give us five or six times as much coal. Our coal has to be transported by water, practically all of it. There is some little that comes by rail, but it is a negligible quantity.

Q. Where do those barges come to? Right to your wharves? A. Yes, sir. Right from Port Richmond, Philadelphia, around the cape and around to Boston.

Q. And it is because of the superior facilities afforded by these larger barges that you prefer purchasing from the Reading Company rather than the other two? A. We could not get enough coal to satisfy our needs from the other two. We might by chartering around. But, the question of the barge supply is very limited, and we have to rely wholly upon barges for anthracite coal. Bituminous coal comes in the large steamers, but for the anthracite we are limited to barges.

Q. How do you take your coal from the other two companies? A. The Navigation and the Wilkes-Barre?

Q. Yes. A. By barges too.

Q. You mean their barges are smaller? A. No, sir. The Reading Company, as I understand it, has in the vicinity of sixty-five or seventy ocean going barges. The Wilkes-Barre Company has in the vicinity of a dozen. The Coal and Navigation Company may have six or eight sea-going barges. That is purely a guess. I do not know so much about their business.

Q. What is the determining factor as to your purchases between these various companies? Is it the fact that the Reading has more barges, and that you need barges to deliver your coal? A. And a greater variety of coal too.

Q. In what does the greater variety consist? A. The Reading Company have what we call hard coal; they have free-burning coal, they have what we call intermediate coal, half way between the two, that is, in the White Ash. They have Lykens Valley Red Ash coal, which is a fancy grade of coal. Practically no other company has that.

Q. Do you know as a coal man what that is due to? Is that because of the more varied coal lands from which the coal comes? A. Yes, sir.

Q. The other companies, not only those that I have mentioned, the Lehigh and Wilkes-Barre and the Lehigh Coal and Navigation Company, none of the other companies have that variety of coal, have they? A. I think not.

Q. And that, together with the ability of the Reading to deliver coal in greater quantities, are the determining factors in the purchase of Reading coals? A. Do you mean by us?

Q. Yes; by your company. A. Yes, sir; it is one of the factors.

Q. What other factors? A. It is a question of getting coal when you want it. That is a large factor in our business. For instance, there are only two or three what we would call dull shipping months in anthracite coal during the year, I mean when there is very little coal consumed. After that time it is a question of whether we can get coal enough from anybody. We put in orders with everybody and let everybody ship all they can. That is practically what it amounts to.

Q. That is during the Winter months? A. During eight months of the year.

Q. Then do you take practically all the anthracite coal you can get? A. I do not know that we take all we can get, but it almost comes to that point. We have to take very large amounts of coal.

Q. Can you state generally from recollection about what amount you took say during the last fiscal year, in round numbers? A. Do you mean purchased?

Q. Yes. A. I suppose considerably over a million tons.

Q. Your company alone? A. Yes, sir.

Q. In purchasing from those companies you are familiar with the various factors and would not be particularly influenced by efforts of mere sales agents, would you? A. A sales agent, if he accomplished no good, I do not think he would be employed. In other words, he is on the spot when the man is thinking of buying coal—he is on the spot and he takes the order.

Q. Do you mean he tells you how much coal he can get? A. No, sir. He makes an offer. We want coal, and we say, "Yes, ship so much."

Q. As far as the qualities of the coal of the various companies are concerned, and the methods of shipping it, and the

facilities they have, of course, you are very familiar with that? A. Yes, sir; I ought to be.

Q. So that, what do these coal agents tell you; merely that they can deliver you a certain amount of coal? A. Yes, sir. I know the grades of coal they have all got.

Q. Do they come to you, or do you send for them? What is the mechanism? A. In our company, a good many of them come to us. The Coal and Navigation Company always come to us. I do not know the principals at all. I never met them. In regard to the other companies, for a great many years I have made a practice of coming to New York or Philadelphia myself every week or two and keep track of the general trade conditions, and see which way the trade is going, and pick up all the gossip of any kind in the coal business I can. So my business here has been in New York and Philadelphia directly with the different companies. But the agents do come to my office to see me just the same.

Q. At what market, if at any one, is the price of coal fixed? A. What do you mean by that?

Q. Is it New York tidewater or Philadelphia tidewater? A. The price of coal is known as F. O. B., free on board, at Philadelphia and New York and Boston.

Q. You have always before you a list of the current prices of the various grades, I suppose? A. Yes, sir.

Q. How do you obtain those prices? A. Ask the different people to send me a list of their prices—a price list.

Q. They send you these varying price lists? A. Yes, sir; they usually send them without my asking.

Q. Are those called circular price lists? A. Yes, sir.

Q. Those circulars practically do not vary as to the different grades of coal? They are practically uniform, are they not? A. Yes, sir. Among the larger so-called companies.

Q. Among these price circulars that are sent to you, or that you obtain, is the price circular of the Lehigh Coal and Navigation Company with the others? A. I do not think I have ever seen a price circular of the Lehigh Coal and Navigation Company.

Q. How do you get their prices? A. Their agent comes in and advises me what I can buy coal for.

Q. They give you those in writing? A. No. They may have them, but I do not remember ever seeing it.

Q. How do you get the prices generally from these different companies? A. When there is a change of price the companies send us their circular price.

Q. Those changes are sent out at the same time, in accordance with the seasons of the year, are they not? A. Sent out whenever the change is made. This fifty cent deduction off the coal is all the same from all the companies.

Q. So the large companies send out at fixed times of the year their schedule or circular prices? A. Yes, sir; usually.

Q. You usually receive those about the same time each year? A. Yes, sir.

Q. I understand that you are not in any way, through stock ownership or contract affiliation, tied up or related to any of the great coal companies? A. I am not.

Q. You are completely and absolutely independent of them? A. Absolutely.

Q. Nothing in the nature of exclusive contracts or anything which would hamper your independence in any way? A. No, sir. Nothing whatever.

Q. How far and how uniformly does the increase in the retail price reflect the increase in the wholesale price of coal? A. Our company arranges our price of coal on what it cost. Say in the Spring of the year when coal costs us less, we always reduce our price. There are times when we reduce it more than we want to. Outside influences may force it down, but it always goes up the amount it is reduced. In other words, the cost price.

Q. So that a change, generally speaking, in the wholesale price, is followed by a corresponding change in the retail price? A. A change in the way of a drop in the price is always followed very quickly in the retail market. The advance in price follows very slowly, but it ususally gets there.

Q. Is that advance in price usually merely an adding to the retail price of the price that the wholesalers have been

forced to pay? A. That goes in as part of the cost. As matter of fact, the retail business in Boston, and, I suppose the same everywhere else,—the increased cost of doing business is simply enormous just as it is with the wholesale companies. In our business, for instance, we employ in the vicinity of a thousand men, laborers. We are giving them now two dollars a week a piece more than we did eighteen months ago. Next year they will ask for something more. There is no end to it at all. Where we are going to get it I do not know. But, it is increasing the cost to the public all the time. Everything that goes into the consumption of our own business, hay, grain, horses, everything has gone up in excess. It has got to be a serious problem how a man who is in business is going to get out whole.

Q. Your company has been prosperous, has it not? A. Fairly so, I should say.

Q. You have paid dividends all these years? A. Yes, sir.

Q. May I ask you, roughly speaking, what rate of dividends you pay? A. Eight per cent.

Q. How far, in your great knowledge of the coal business, is the retail price uniform? A. In the nature of things it has got to be uniform.

Q. It is, as a matter of fact? A. There is a certain fixed price. For instance, our company announces that the price of stove coal is $7.25 to-day. We make an effort to keep up to that price. There is a great deal of cutting going on, and it is only a question when the cutting gets severe enough that we have got to drop our price. But, when we drop it, we simply drop to the level of anybody else. Everybody has got to have a uniform price.

Q. Will you explain, from your knowledge of the business, why it is that if A wants to get five tons of coal of any grade of anthracite in New York or Boston, and he goes to half a dozen dealers he will find practically the same price quoted to him? A. I think you could answer it very easily. If you saw two peanut stands on opposite corners, you would go to one man and he has peanuts five cents a bag, and go to the other corner and he will say five cents a

bag. There is no collusion between the two. Simply it is the price they can sell them for, a fair price, and they make so much. If one man gets four cents a bag, the other man gets four cents a bag. So they get to a point where they reach an armed neutrality, and the thing stops.

Q. In your coal business then there is a point beyond which the lowering of prices does not go? A. No, sir. That is usually so. But, the coal business, in my experience, has been at times when the business has gone down when we sold coal way below any possible price to us, by competition or some condition or other in the trade, and when everybody has lost enough money, or somebody has lost enough money, they put the price back on a fair basis. That is all that keeps the retail price up, that fear that something might happen.

Q. How often do these shake-ups you have referred to happen in the business? A. Very often. Every two or three or four years we have a shake-up.

Q. These are due to certain exceptional causes, are they not. A. No, sir. Take in our market—our great trouble is the fact that our business is a declining business, as I have shown you; that there is less anthracite coal consumed by a large percentage in Boston than there was ten or fifteen years ago. If our competitors all understood that I think it would adjust itself, but half of our competitors do not understand anything, and they do not all understand the same thing. The result is that they think they ought to increase their business five to ten per cent. a year to put themselves on a proper basis. If they do that they have got to take the business from somebody else. There is no increase in the anthracite business. You have got to take it from somebody else. That means that some one gets to hammering down his price and the public gets coal at a lower price for a time.

Q. Then that hammering goes on until there is a reaction? A. Until it reaches bottom, and then naturally it will rebound and go to the surface again.

Q. Have you ever had any difficulty during any of the

months of the year in getting all the anthracite coal that you wished? A. Yes, sir.

Q. What months are these generally? A. The fall of the year, when the first cold days come, people burn a lot of coal, and their thoughts turn to their coal bins, and then they start to fill up, and we sometimes have serious difficulty in getting coal enough. Last year, 1913, in the Winter—not this Winter, but a year ago this Winter, there were times when there was not twenty-four hours' supply of coal ahead in Boston. It went on for months that way. If we had not had a warm Winter the market of Boston would have been absolutely out of coal. We would not have had a bucketful of coal in Boston.

Q. What is that due to? Is it the lack of barge transportation? A. It is the great demand for coal coming from everybody at the same time, and the fact that the company itself, as I understand it, cannot mine anywhere near as much coal as is demanded in the consuming months. They have got to mine coal ahead of those months. That year that I speak of there had been a suspension of a month or so, six or seven weeks, in 1912, and the supply could not catch up with the demand. Coal was selling at $5 a ton premium in Boston at wholesale. Five dollars premium easily, but, not of the so-called companies. I have never in my experience been asked to pay a cent more than the uniform established price by any company, in my experience in the business. But, on the outside I have been asked to pay three to five dollars a ton, as a common occurrence, and the dealers have paid it and the public has paid it.

Q. What was the highest price during that stringency you speak of? A. I think coal went up to eight or ten dollars a ton delivered in Boston.

Q. As high as eight and ten dollars a ton? A. Yes, sir. But you could not get much of it at that.

Q. What was that coal used for that commanded such an extraordinary premium as that? A. For household purposes.

Q. Could they not have obtained some substitute for

that which would have cost them less? A. That is one of the things that started them—they had not burned coke—it started them to put in ranges to burn gas, and that takes away from the coal business. The next strike there will be less stringency, because many people will be using coke and gas.

Q. Do those stringencies injure the anthracite business? A. They do. The people are not so helpless to-day as they were. Not anywhere near so.

Q. If anthracite cost the tremendous price to-day which at times it reached? A. Yes, sir. As a fact anthracite is a luxury to-day. A man can get along without it. He can substitute bituminous coal. The whole West do it to-day. It is a very easy thing to burn, and it is clean. Anthracite coal is in the nature of a luxury to-day. It is not in the sense it used to be at all.

Q. It is the best and cleanest and nicest of coal? A. It is not any cleaner than coke. Coke is cleaner than anthracite. But, people are not accustomed to the burning of coke. If they were they would burn more coke. It is an ideal fuel.

Q. In Europe they do not use anthracite at all? A. No, sir, none at all.

Q. They have always been able to get along without it, because they did not have it? A. Yes, sir. In the great Central West they burn very little anthracite.

Q. We have always had it here, and, as I understand you, what has made people endeavor to find competent substitutes for anthracite has been the large price at which it has been sold —— A. Temporarily. They were bothered in getting it, and then they tried substitutes, and whenever they tried substitutes, nine-tenths of them were satisfied with the substitute.

Q. Because those high prices had put it out of the means of the people to obtain? A. Yes, sir.

Q. If it got to eight or ten dollars a ton, of course only very wealthy people could purchase it? A. Yes, sir.

Re-direct examination.

By MR. REYNOLDS:

Q Do I understand you clearly, that when the premium charge carried the price of coal up to eight or ten dollars a ton in Boston, that was confined to the independent producers? A. Absolutely. None of the so-called established companies asked, to my knowledge, more than the uniform price for coal at any time in the last fifteen years.

Q. Has there been always a very clear intimation to the trade from the large companies that if their coal was sold at retail at a premium the large producers would cut off the supply to the retailer? A. That has been stated in times of stringency, times of strike, different companies have told me, for instance, that they did not care to have us put on extra fancy prices on coal, because they were giving us the coal at a low price.

Q. And those are the times of scarcity when the premium is on coal? A. Yes, sir. When there is a shortage.

Q Is it true that the amounts of coal that you purchased from these various large companies is variable from year to year? A. Yes, sir.

Q. No fixed relationship between your purchases from one company and from another company? A. No; none at all.

Q. Are buckwheat sizes of coal covered by a circular price in Boston? A. I do not think they are. I do not recall seeing them on any circular. Maybe they are, but I do not recall seeing them on any circular.

Q. You spoke about the relation of demand to supply during the year. Is it or not true that in your territory the demand is well up to and at periods exceeds the supply of anthracite coal in your market for the eight consuming months of the year? A Yes, sir. The demand is greater than the supply for at least two-thirds of the time.

Q. The Lehigh Valley Coal Company and the Susquehanna Coal Company have extensive operations in the same field that the Reading does, do they not? A. Yes, sir.

Q. Do they mine and work generally the same varieties

of coals as the Reading? A. The Lehigh Valley comes nearer to it than any other company. I do not think they have all the kinds of coal the Reading has, but they come nearer to it than any other company.

Q. Between the two, the Lehigh Valley and the Susquehanna, do they not have about all the varieties of coals that the Reading does? A. The two together would; yes, sir. That is, one would complement the other.

Q. The Lehigh Valley would mine very little Lykens Valley vein, and the Susquehanna mines a very considerable amount of Lykens Valley? A. Yes, sir.

Q. And they dove-tail together? A. Yes, sir.

Q. And furnish about the same choice of coals that the Reading does, is that true? A. Yes, sir.

Q. You spoke of the fact that at times the Reading and Wilkes-Barre agents come to your office in Boston to solicit your business as the Lehigh Coal and Navigation Company agent did. Is it a fact that each of these companies has a separately established agency in Boston? A. Yes, sir.

Q. And the local agent in Boston of each company comes to you and solicits your business at times? A. Yes, sir; they do at all times.

Re-cross examination.

By Mr. Coudert:

Q. When you purchase coal from these large companies do you buy it delivered at your wharf, or do you buy it delivered in vessels at your wharf? A. We buy it both ways. Mostly delivered in vessels.

Q. Do you direct how it shall be brought there? A. We know before we ship it.

Q. Do you get it in this way on account of the location of your own wharves and yards or have you any other reason for preferring the water transportation? A. The principal reason is that the company's barge rate—we have the f. o. b. rate New York, and then the barge rates are so much added to that. The barge rates have always, in my experience, been lower than the rate we could take coal from the

same point. So naturally we favor these companies delivering in Boston. For instance, the barge rate in New York is fifty cents. You could not charter a boat in the New York market for fifty cents. The freight rate would be sixty-five or seventy cents. But, for some inconceivable reason the companies have never asked the market price for barge coal from New York to Boston. It costs more than fifty cents—it cost them more than fifty cents. We have been in the business ourselves, and I know we could not do it for fifty cents.

Q. You say practically none of your coal comes to Boston by all rail? A. I would not say practically no coal. We have a half dozen all rail plants where we have a dozen wharves—a half dozen all rail plants. But, it is a small proportion.

Q. I am asking about the coal your company buys? A. That is what I am speaking about. We have six or eight all rail plants. We have a dozen or more large wharves in different localities.

Q. About what proportion of your total average purchases comes to you by rail? A. It is hard to guess at that without looking at the figures. I think ten per cent.—ten to fifteen per cent. comes by rail.

Q. Not more than fifteen per cent. probably? A. I should say not, as an estimate.

Q. Does the coal that comes to you by rail cost you more than the coal that comes to you by water? A. Yes, sir.

Q. How much more? A. Fifty to sixty cents a ton more by rail than by tidewater. For that reason we do not establish any rail plants within reach of tidewater. Then you have to go where the difference in carting would offset that cost. Then in all rail there is less loss and degradation, because the coal has not been handled a half a dozen times and dug out from barges, the way it is in water plants. So we figure there is fifteen or twenty-five cents advantage by all rail plant. The plant is usually in a cheaper locality, the ground costs less, the plant is not as expensive, and the difference in time. If we take it two

or three miles away from the water it will more than offset the difference in the cost handled by water.

Q. So although you nominally pay more for your coal that comes by rail it is cheaper? A. It is, if you put your plant in the right location. It would not be with two plants side by side. If you put it away from the water three or four miles, it would be, because you have got the teaming from the tidewater.

Q. If they were side by side the water rate would be cheaper? A. Yes, sir.

Q. Aside from your own company, do you know whether a considerable proportion of the anthracite coal supply used in Boston comes by rail? A. No; a very small proportion.

Q. The great bulk of the supply comes by water? A. Yes, sir.

Q. The Reading Company's coal that comes to you by water comes by water from Port Richmond, does it? A. Yes, sir.

Q. Or from New York Harbor? A. From Port Richmond, near Philadelphia.

Q. The Wilkes-Barre coal that comes to you by water comes from what port? A. New York.

Q. How does the Navigation Company's coal come? A. From New York Harbor.

Q. Is there any difference in the prices of the coals so delivered to you by those two companies in the same sizes? A. They are usually the same. Once in a while there is a slight difference. There has been a slight difference in the past.

Q. Does any coal come to you by barges from Port Reading in New York Harbor? A. No. There would be no object in doing that at all. We have shipped coal there in times when the Delaware River has been frozen over, when the barges could not go up and down, but practically none at all.

Q. It would be more expensive that way? A. No, sir; it would cost the same to us, but it is easier to take it right down the Delaware River. In fact, there is more

money in shipping coal from Philadelphia at seventy-five cents a ton than there is from New York at fifty cents. I suppose it would be a greater advantage to the Reading Company to send it through Philadelphia.

By MR. REYNOLDS:

Q. That difference in price that you spoke of in your answer to Mr. Kingsbury obtained between the Lehigh Coal and Navigation Company on the one hand and the Lehigh and Wilkes-Barre and the Philadelphia and Reading Coal Company on the other? A. Yes, sir. I do not think there has ever been any difference between the Reading and Wilkes-Barre or any of the other large companies. Except there have been times when there has been a little difference in the Lehigh Coal and Navigation.

By MR. COUDERT:

Q. Those times have been infrequent and the difference has been trifling, have they not? A. No, sir; I do not say trifling. Your idea of ten or twenty-five cents may be less than mine. I would call it considerable.

Q. How often have these variations occurred? A. There have been more or less variations. I do not know how often. Quite often.

Q. In any particular grade or kind of coal? A. The Coal and Navigation, as far as the trade we have with them, has but one kind of coal. That is the Lehigh coal.

Q. That is standard and uniform? A. That is standard coal. We try to have it uniform.

FREDERIC PARKER, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. Your address is Boston? A. My legal residence is Bedford, Massachusetts, but my address is Boston. My business is in Boston.

Q. Your business is the coal business, is it not? A. Yes, sir.

Q. Just what branch of the coal business are you engaged in? A. Wholesale.

Q. How long have you been so engaged? A. A little over thirty years.

Q. Territorially about what part of the country do you cover by the trade? A. From Bar Harbor to New London.

Q. To any extent inland? A. To no great extent. We do very little all rail.

Q. As far as the business in the coast towns of New England is concerned, you are familiar with it from Bar Harbor to New London? A. The wholesale end of it; yes, sir.

Q. In your time has there been a growth or a lessening in the use and consumption of anthracite coal in that territory? A. It is impossible for me to say, because we do not do the whole business in any one port, and I cannot say how much my competitors are doing.

Q. Has there been a substitution in your experience of other fuels in that territory for anthracite? A. Yes, sir.

Q. What are those substitutes generally? A. A good many of our mills burned anthracite coal thirty years ago, and they are now burning bituminous exclusively.

Q. Is it true very generally that for steam raising purposes the use of anthracite has gone out in your territory and bituminous has supplanted it? A. Yes, sir; distinctly.

Q. Do you buy coal from various large producing companies? A. Yes, sir.

Q. From your experience can you say whether there is a competition among those companies for the sale of coal to you? A. There is a competition in effort to sell us.

Q. Is there a competition between the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company? A. Not so far as the price is concerned.

Q. Is there as to the soliciting of your business and service offered? A. There certainly is.

Q. Is that business solicited from you by both companies and their respective officers? A. Yes, sir.

Q. What has been the effect as to the present arrange-

ment of stable, dependable prices from year to year on the coal business as you have conducted it; one of restraint or encouragement of the business? A. It is certainly one of encouragement.

Q. How does it work in that way? A. It spreads the business evenly through the year. It would be impossible from our standpoint as wholesalers to supply our trade if they only took the coal as their customers wanted to buy it and take it.

Q. In distributing your coal as a wholesaler throughout the New England territory, where do you order it from? A. In the case of the Reading from Philadelphia, and in the case of the Lehigh and Wilkes-Barre from the office next door here in New York.

Q. And from other companies? A. We do nothing with any of the other companies, except the D., L. & W., and they have had no coal come east for a year and a half or two years.

Q. You distribute the Reading coal from Philadelphia? A. Philadelphia and New York.

Q. You distribute Lehigh and Wilkes-Barre coal from New York? A. From Port Johnson.

Q. Those two ports, are they the chief ports of distribution of anthracite coal? A. Yes, sir. For tidewater distribution.

Q. The coal coming to those ports can be, with facility, distributed to any point up and down the easterly coast line of the United States? A. Yes, sir.

Q. What has been your experience and observation as to the relation between demand and supply of anthracite coal in your territory in recent years? A. We always have difficulty in getting coal in the Fall, and also in April when the price is at its lowest.

Q. So that during a good deal of the time, is it true that the demand exceeds the supply? A. The demand for certain sizes.

Q. What sizes are those? A. Stove coal.

Q. Domestic sizes? A. Yes, sir; domestic sizes.

Cross examination.

By Mr. Coudert:

Q. Did I understand you correctly that of late years you purchased practically all of your coal from the Philadelphia and Reading Coal and Iron Company and from the Lehigh and Wilkes-Barre Coal Company? A. Yes, sir.

Q. And the prices as you said are uniform as between them? A. Yes, sir. They have been uniform of late years.

Q. What determines in your mind the question whether you shall purchase from the one rather than the other? A. Whatever our customers want.

Q. Is that a difference in the coal itself? A. Difference in the coal, difference in the facilities. The Lehigh and Wilkes-Barre will not send their barges east of Portland. The Reading will send theirs as far as Bar Harbor.

Q. Take those factors singly. What is the main factor in determining whether your customers, and therefore whether you, buy Lehigh and Wilkes-Barre coal or Reading coal? A. As I said, the Lehigh and Wilkes-Barre will not send their barges east of Portland. At least, I have never known them to do so. Whereas, the Reading will. It has a lower rate of freight than you could possibly charter outside transportation.

Q. So that all coal you desire to deliver east of Portland you purchase from the Reading? A. Yes, sir. With a tremendous advantage in price to the dealer by reason of the Reading's low freight.

Q. And because you could not get it delivered by the Wilkes-Barre? A. I could not.

Q. So that practically from east of Portland you have no option but to purchase from the Reading? A. No; the Lehigh Valley go down there, and the Lehigh Coal and Navigation Company compete with them there.

Q. Do you purchase from that company coal for east of Portland? A. No.

Q. Why is that? A. We are perfectly satisfied with our present source of supply.

Q. Do you get all the coal you want from the Reading? A. In ordinary times.

Q. Could the Lehigh Valley and the Lehigh Coal and Navigation Company deliver it to you as satisfactorily as the Reading? A. I am very sure they could not.

Q. What is the difference in the facilities of delivery that the Reading have for all that coal east of Portland as compared with the other two companies from whom you could obtain it? A. They have so many more barges, so many more tugs, and their tugs are more powerful, and they handle their floating equipment much better. And their coal is particularly adapted to that market.

Q. Is the Reading Company coal preferred over the coal of these other companies for any reason? You say it is particularly adapted to the market. In what respect? A. It is considered as good as the other companies' coal, and they are surer of getting it when they buy it. When you buy Reading coal you get it. And the other companies do their best.

Q. So it is as much a question of delivery as quality of coal? A. Yes, sir; I should say so. Both things. The coal is good.

Q. Their locality of delivery is such as to determine you to purchase of them rather than the coals of other companies; is that it? A. That is it?

Q. You purchase both Reading coal and Lehigh and Wilkes-Barre coal where the delivery is not to be beyond Portland; is that it? A. Yes, sir.

Q. For the purpose of the supply of what territory do you purchase both the Reading coal and the Lehigh and Wilkes-Barre coal? A. There it is a question of preference in coal—preference in quality—and the time you can deliver it.

Q. As far as delivery, other than the delivery east of Portland you have spoken of—as far as delivery in your other territory is concerned, what is the determining motive that moves you to choose between the coals of the two companies? A. Our customers.

Q. What is the determining motive of the customer?

A. Some prefer Wilkes-Barre coal and some prefer Reading.

Q. What is the difference in the coals which cause those preferences? A. It is hard to say. The Wilkes-Barre coal I think is prepared a little better, as a general rule, and is not so apt to clinker, and it is a little better size. Personally, for my own household use, I should buy Wilkes-Barre coal.

Q. Is that the general opinion? A. In certain territories. But we have so little of it that it does not amount to anything in times of stress.

Q. That is to say, in times when you need a good deal of coal, do you take all you can get from both companies, the Reading and Lehigh; is that it? A. Yes, sir.

Q. Do you often have times of stress when you are not able to fill the demand of your territory? A. No, sir; not in our business.

Q. Then you differ from the Boston and other territories where they have those? A. Mr. Hamlin is a retailer. I know nothing about that.

Q. You are always able to furnish the retailer with all the coal he desires? A. Oh, no.

Q. Then sometimes you cannot get all the coal you want? A. Sometimes we cannot. Sometimes in times of stress.

Q. How often does that happen? A. A year ago last Fall was the last time I remember.

Q. At that time you were in stress for how long? A. From the early Fall until the first of February.

Q. Were you endeavoring during that time to get coal both from the Reading and the Lehigh and Wilkes-Barre? A. Yes, sir.

Q. From any other companies? A. No, sir.

Q. Why did you not try some of the other companies during that time? A. Because we were not entitled to it. We should not have considered ourselves entitled to it. We had never given them business in dull times.

Q. Then you mean that you felt bound always to deal with the Reading and the Lehigh and Wilkes-Barre Companies? A. No, sir.

Q. What do you mean by saying you were not entitled to obtain any coal from the other companies than the Lehigh and Wilkes-Barre and the Reading? A. Because we had given our business to them for a period of years during dull times, but that is no guarantee we should always continue to do so. That is for us to decide.

Q. But you have, as a matter of fact, always given to the Lehigh and Wilkes-Barre and the Reading? A. Not always. In my early days I was agent for the D., L. & W.

Q. For how long a time, generally speaking, have you given your business exclusively to those two companies? A. Practically exclusively for ten or fifteen or sixteen or seventeen years, perhaps.

Q. How do you obtain your knowledge of prices? A. The Reading sends us a circular the first of every month where there is a change in price. I do not remember ever seeing a Wilkes-Barre circular.

Q. How do you get the information from them? You assume it is the same? A. Assume it is the same.

Q. What is your reason for having during the last fifteen years purchased your coal exclusively from these two companies? A. It seems better business for us. It was the coal our customers liked. They lived up to their engagements. It is like trading with any reputable house in any reputable business.

Q. Were your relations with them of so amicable a character that you were more sure of prompt service and good service than you would have been from the other coal companies? A. Yes, sir.

Q. That was your reason? A. That was our reason. It has been for a number of years. No sensible man in business would change horses.

By Mr. Reynolds:

Q. During those ten or fifteen years one of the chief assets of those two coal companies, in so far as their relations to you were concerned, was because they were always honest and reliable and reputable in their dealings with you? A. Yes, sir. Exactly.

Q. Did they ever gouge you in the price during that time? A. Never.

Q. Did they ever use any persuasive measures of any sort? A. Never.

Q. Or, with any one else so far as you ever heard of? A. No.

LOUIS ZEPFLER, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your address? A. My legal address is Needham, Massachusetts. My business address is Boston, Massachusetts.

Q. What is your business? A. Wholesaler of coal.

Q. How much of a territory about Boston does your business extend over? A. We do business in practically all of the New England States.

Q. Do you buy from the large producers of coal? A. Yes, sir.

Q. All of them? A. We buy of the Reading and Wilkes-Barre and the Navigation and the D., L. & W., and the Susquehanna and the Lehigh Valley.

Q. And the Ontario and Western? A. No; we do not do any business with them, or with the Erie, either.

Q. From your standpoint as a buyer trading with those companies, do you find that the Philadelphia and Reading Coal and Iron Company and the Lehigh and Wilkes-Barre Coal Company compete for your business? A. Very much so.

Q. Do you find that that competition extends to any difference in prices? A. Not so largely in price; no.

Q. What does it consist in? A. In service—quality and service.

Q. Does each company solicit your trade? A. Yes, sir.

Q. With energy and interest? A. Persistence; yes, sir.

Q. Do you find any competition between the Lehigh Coal and Navigation Company on the one hand, and the Philadelphia and Reading Coal and Iron Company and

the Lehigh and Wilkes-Barre Coal Company on the other? A. Yes, sir; I do.

Q. Does that competition sometimes in dull times extend to a competitive price? A. Yes, sir; it does.

Q. Do you deal with any of the independent producers of coal? A. No; I do not.

Q. What has been the effect upon your business of the regular stable price of coal from year to year and the regular lessening of the price in April with added increases from then until the Fall? A. It has been very beneficial in a business way, both to the consumer, and the dealer and ourselves. It has distributed the coal more uniformly and enabled us to handle our business better all 'round. If we did not have those changes in price, the consumer would only buy coal when he needed it, and the result would be you could not take care of them. We would not have time to make deliveries.

Q. Do I understand you mean that he would postpone his purchases until he got so cold he would have to have coal? A. Yes, sir. We would not have time enough to get the coal around to him.

Q. That is human nature? A. Sure. That is the trouble with all of us, we put things off until we want them.

Q. In your experience in the trade in New England, has there been a gradual substitution of other fuel for anthracite? A. In my particular line I cannot answer that as Mr. Hamlin could, because I am trying to increase my business all the time, and have the whole of New England territory to do it in, and I may get business away from the other fellow or he may get business away from me. I could not tell.

By Mr. Coudert:

Q. Your business has not decreased? A. No; my business has not decreased, because I am buying bituminous as well as anthracite.

By Mr. Reynolds:

Q. Do you find some of your customers in New England outside of Boston and elsewhere substituting bitu-

minous for anthracite? A. Largely; yes, sir. Among the industrial uses that are going on to any extent, they are altogether on bituminous coal.

Cross examination.

By Mr. Coudert:

Q. Has your anthracite business fallen off? A. I think not, speaking offhand.

Q. Has it increased? A. I should say not. I think we are holding our own.

Q. For how long a time have you been holding your own? A. I should think for the past five years.

Q. How is the solicitation for coal trade carried on by the various companies? Do the agents come to see you or send you price circulars? A. Yes, sir. The companies that we buy of that I named before all have representatives in Boston, they have Boston offices, all independent, and we have frequent visitations from those agents.

Q. From what coal company do you purchase the larger portion of your coal? A. I should say the larger portion of our coal was purchased of the Lehigh and Wilkes-Barre Coal Company. I think so.

Q. What is the reason for that? A. The reason for that is that my trade calls it a superior coal, more suited to their uses, and, of course, my business is to sell what my customers want, and if the customer likes that coal I am going to get it for him.

Q. What does your customer use the coal for? A. Domestic. I sell the retailer for domestic use.

Q. How does the amount of Lehigh and Wilkes-Barre coal which you sell to your customers compare with the amount of Reading coal which you sell them? A. I could not give you the exact percentage on that.

Q. Very roughly speaking? A. I should think perhaps that I might sell two to one.

Q. You sell twice as much Wilkes-Barre as Reading? A. I think so, of Wilkes-Barre to Reading.

Q. Do you find the Reading coal an inferior article? A. Not particularly so, but with my trade it is not as satisfactory as the other coal.

Q. How is the Delaware and Lackawanna coal? Is that an inferior coal? A. No; that is a very satisfactory coal. I would buy that if I could get it, but they have given up the eastern market in the past two years.

Q. How is the coal delivered to you by these various companies? A. A portion of it by tidewater and a portion of it all rail deliveries.

Q. In what proportion as between the tidewater deliveries and the rail? A. I should think it would be an even thing.

Q. You get about half of it one way and half the other? A. I should think so.

Q. And the tide water is delivered to you where in Boston? A. To whatever point is designated. Wherever I sell my coal, whatever point it might happen to be, either shipped by barge or schooner

Q. Which company does the best, if there be any difference in them? A. I should say the Reading Company was the best in service with their barges.

Q. They have those large barges of which Mr. Hamlin spoke? A. Yes, sir. And they have so many of them.

Q. So far as the barge service is concerned, you prefer them? A. Yes, sir; so far as the barge service is concerned.

Q. How does the Lehigh and Wilkes-Barre deliver? By barge also? A. Yes, sir.

Q. What is the dissatisfaction, if any, with their barges? A. They have not so many. That is to say, they have I think altogether fifteen barges for eastern business, whereas the Reading Company has I think sixty-five or seventy.

Q. So it is a question of the number of barges? A. The number and the good service often times.

Q. The barges are all about the same size? A. Yes, sir; they run about the same in size. There is a little variation.

Q. You said you did not purchase from the Ontario and Western or the Erie any coal? A. No, sir; I have not.

Q. Is there any particular reason for that? A. No; I should say not. Excepting that the coal is not adapted to what my customers need.

Q. How much coal do you purchase from the Lehigh Coal and Navigation Company? A. That would be a pretty difficult thing to say.

Q. Roughly, ten per cent. or five per cent.? A. I might buy between five and ten per cent.

Q. A very small proportion? A. Yes, sir.

Q. How is that Lehigh coal delivered to you? A. By barges and by rail.

Q. By barges in the same way? A. Yes, sir.

Q. Have you any reason for preferring their coal to any other coal? A. No. Only where perhaps a Lehigh coal is called for. Their coal is Lehigh coal. That is a different grade.

Q. And it is only for the smaller proportion of your customers that you desire Lehigh coal that you purchase from the Lehigh Coal and Navigation Company? A. Yes, sir.

Q. What difference do you find in their price list from that of any other company selling Lehigh coal? A. At times they gave me an inside.

Q. What does that amount to? A. Roughly ten cents a ton.

Q. At what time? Any fixed times during the year? A. No. It depends largely on trade conditions.

Q. You mean when there is an over-production of coal? A. Perhaps a slower demand.

Q. Have you been at any time affected by coal stringency so you cannot get all the coal you want? A. Yes, sir; I have been.

Q. At such times do you find any differences in the prices? A. Not with the coal companies. Their prices run through uniform.

Q. And those prices are practically uniform throughout the year except in exceptional cases? A. Except the exceptional cases to which I have testified.

Q. And is the coal that is bought in those exceptional cases in comparatively small amounts for particular deliveries? A. I hardly know how to answer that, because oftentimes with the lower price we are able to use more of it, so it might amount to more than otherwise would be the case.

Q. But, generally speaking, it is not a large amount, is it? A. Not particularly large; no.

Re-direct examination.

By Mr. Reynolds:

Q. What do you find as to the prices of the independents in times of scarcity of coal? A. They are very high, excessively so. Speaking of independents I might say that is why I do not buy any coal of them, because they are too unreliable. I have tried it in the past, but have given up in despair, it is too speculative.

Q. Does your trade vary with these different companies from year to year, that is, the proportion that you may take from one or the other? A. Yes, sir; it varies some.

Q. You spoke about not dealing with the independents. As matter of fact, do you deal with the Lehigh Coal and Navigation Company? A. Yes, sir; I deal with them. When you put the question on that I thought you meant the independents that are with us when they want business, and you give them an order, and the prices go up and you cannot get it. I cannot do business that way. The Lehigh Coal and Navigation Company have always given me what I wanted.

Q. Do you regard the Lehigh Coal and Navigation Company in any way dependent on the Reading Coal Company? A. I should say not.

Q. Or the Lehigh and Wilkes-Barre Company? A. By no means, not to my knowledge.

Q. Does your observation indicate that they are entirely independent from the Philadelphia and Reading Coal and Iron Company and the Lehigh and Wilkes-Barre Coal Company? A. I should certainly say so, entirely independent

in selling, and in any other way, in the manner of doing business.

Re-cross examination.

By MR. COUDERT:

Q. What do you call an independent? A. I would call an independent a man who has an operation that he operates himself, or, perhaps you and this gentleman here, buy a mine and open it up and are going to do business. I call you an independent.

Q. Even though it were an incorporated company? A. Even though it were an incorporated company, I would call you an independent operator.

Q. What you mean is that it is independent of any railroad company? A. That is a term used by us coal men.

Q. Explain fully in your own language what you coal men mean by independent? A. What we call independent is a man who has an operation that he operates himself. I should say that he operates on his own account.

Q. And does not operate for a railroad or anybody else? A. That is all. He operates it for himself. We term him in our market an independent operator.

Q. You do not like him? A. I do not like him, because he does not give us a square deal.

Q. How do the independents, with whom you used to deal, deliver the coal? By barges or rail or what? A. Both ways. Except the independents as a rule have no barges of their own, they have to go into the open market and charter them—charter outside transportation.

Q. Are they large dealers or small dealers, the independents? A. They vary in size. Our experience has been such a sad one we have given up entirely trying to do business with them. They are too unreliable.

Q. Unreliable in price or service? A. Unreliable in delivery. As an example, when they want business they will make a price low enough to induce you to give them an order. Now, should it so happen that the market conditions stiffened immediately thereafter you do not get any

coal. They never deliver it to you. They sell it to the highest bidder. That has been my experience.

Q. And it is for that reason you do not deal with them? A. That is my sole reason. You take it along through the last stringency a year and a half ago, I bought all my coal of the companies, they gave us coal at the regular price without any premiums being asked, and, in fact, I clearly understood that if I were to ask anything of the kind on my own account I would have difficulty in buying more coal.

By Mr. Kingsbury:

Q. Do you men in the coal business recognize the so-called large companies as having special relations of some nature with some particular railroad? Are they not also called the railroad companies in general? A. No; we do not consider them so. Not in that line.

Q. You have heard that phrase; the railroad coal companies, in business, have you not? A. I have heard of it and read of it in the papers and so forth, but we never found any connection in that way in our experience.

Q. Do you not know, as a matter of fact, that, for example, the Delaware, Lackawanna and Western Coal Company has a special relation with the Delaware, Lackawanna and Western Railroad Company? A. I do not know that.

Q. Not as a matter of common knowledge in the business? A. No; I do not know that.

(At one o'clock a recess of one hour was taken.)

Michael F. Burns, having been duly sworn, was examined as follows:—

By Mr. Reynolds:

Q. What is your company name? A. Burns Brothers.

Q. What office with that company do you hold? A. President.

Q. What is the business of Burns Brothers? A. Selling coal at retail, and occasionally a cargo, when a man does not know his business.

Q. From whom do you purchase coal? A. Everybody that sells it.

Q. Every producer? A. Yes, sir.

Q. Independents? A. Everybody. Yes, sir.

Q. The Philadelphia and Reading Coal and Iron Company? A. Yes, sir.

Q. The Lehigh and Wilkes-Barre Coal Company? A. Yes, sir.

Q. The Lehigh Coal and Navigation Company? A. Yes, sir.

Q. The Delaware, Lackawanna and Western Railroad? A. Yes, sir. Williams & Peters, Dickson & Eddy, and everybody, almost everybody that sells coal.

Q. Are you a very large distributor of coal? A. Comparatively so, yes, sir.

Q. How long have you been in the coal business? A. About thirty years.

Q. Here in New York? A. Yes, sir.

Q. Has there been any considerable change in the use of other fuels than anthracite coal in New York during that period? A. Not materially. Except that gas has taken the place of domestic sizes, and the smaller sizes have taken the place almost entirely of the large sizes, known as domestic.

Q. The gas has displaced the fuels for domestic cookery? A. Almost entirely.

Q. Is there any extended use of coke in New York for domestic purposes? A. Quite large; yes, sir. As far as they are able to produce it, or coke it.

Q. What has been the effect upon the stability of the coal business of the plan of reducing the price in April and gradually increasing it? A. I do not know what would happen now under the present conditions if it were not for the fact that the distribution of coal goes over the whole year. In other words, the people would not buy the coal were it not for the fact that there is an inducement there. Here in New York, I started in, as an example, on the 1st of April, giving the price of April and May the same, and you would be amazed to know that the people are not even interested in buying coal in April, feeling that they can get it just as well in May. The tendency of everybody is to buy from hand to mouth,

and prolong it as long as possible. We have to keep urging them to take in coal even in April at a deduction of fifty cents, and then they want us to wait until the Fall for the money. There would not be coal enough to go around. We could not possibly do it as it is now at the present time in the months of October and November, when the West seems to need the coal and they seem anxious to get it there, because the time of getting it there is apparently stopped after the 20th of November. We have the greatest difficulty in getting coal and when we want it the price shins up with the individual operator.

By Mr. Coudert:

Q. Do you mean anthracite? A. I am speaking of anthracite.

By Mr. Reynolds:

Q. Your testimony is confined to anthracite? A. Almost entirely; yes, sir. We sell quite a little bit of bituminous, but it is recently, by reason of the fact that anthracite coal of a good quality is practically getting out of sight as far as the smaller sizes are concerned. They are beginning to use bituminous coal and are putting in special boilers for the purpose. The schools are even adopting it now. We put in a little lot a while ago and were penalized a dollar a ton on it, and we were only making fifteen cents.

Q. Does the market hereabouts consume all the anthracite coal it can get? A. For seven or eight months in the year.

Q. During those seven or eight months in the year does the demand exceed the supply, or does the supply exceed the demand? A. Personally I have always been able to get enough coal some way or another. Sometimes we have to climb for it, but it has been the case that a lot of people are pretty well out of coal, and I myself have been down to almost bare boards.

Q. So that the demand is a little ahead of the supply? A. I should say it was; yes, sir.

Q. From your side of the coal business, that is, of a

purchaser from a producer, do you find that there is or is not competition between the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company for your business? A. There is indeed, a great deal of jealousy existing between them. There is no difference in the prices at all, they are both the same, except on buckwheat coal, and they are twenty-five cents less, and on pea ten cents less.

Q. Which is the less? A. The Reading. That I think is largely due to the fact that coals of a kindred nature can be bought from other people, and if they want to sell it at all they have got to meet the price.

Q. That is, the Lehigh and Wilkes-Barre Coal Company is a better coal? A. The Lehigh and Wilkes-Barre is a better grade of coal.

Q. How does the competition between those two companies manifest itself to your observation? A. They are constantly asking us "What is the matter? Are you going out of the coal business? Why don't you give us more business?" And I hate to hurt their feelings, and tell them the truth, so that I do the best I can with them.

Q. They are actively soliciting your trade, both of them? A. Yes, sir; in every way they possibly can decently.

Q. Is there any competition between the Lehigh Coal and Navigation Company on the one hand and the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company on the other hand? A. You could not consistently call it anything else. Oh, yes, quite a feeling there. In fact, I know that is so.

Q. Does the Lehigh Coal and Navigation Company try to get your business? A. They do, indeed; yes, sir.

Q. Do they ever go to the extent of cutting prices to sell? A. That is rather a personal question. It is hardly a fair thing to put up to me because I meet them both and I cannot really afford to antagonize either one of them. That is an honest fact. I cannot get along without every dealer and every producer, and I would not consider it fair to put on record what I am able to do, unless you

insist on it. It would put me in rather an embarrassing position. There is competition of every kind and character. I am free to say that. They do everything they can to get the business.

Q. I would like to know if the Lehigh Coal and Navigation Company at dull times will shade the price somewhat to move the coal? A. I do not know hardly what to say to that. I should rather think that they would have to do it occasionally if they wanted to move it at all.

Q. Do they sell you coal at a little less price? A. I decline to answer that question unless you compel me to. That is not a fair question, honestly, as I think I have told you.

Q. Do they compete in every conceivable way for the business? A. They do; yes, sir. One of the most prolific ways of doing that during the past year or so was the Pennsylvania tax of two and a half per cent. on the mine price, which only a few got.

Q. At what period did the Philadelphia and Reading Coal and Iron Company and the Lehigh and Wilkes-Barre Company add the tax to the price of the coal? A. To the best of my recollection, it was the first of August last.

Q. Do you remember about what time the Lehigh Coal and Navigation Company added the tax to the price of its coal? A. They had a provision in their contract which was passed by almost everybody who made contracts with them—they looked upon it the same as you would in an insurance policy, as a lot in that nobody reads, and it suddenly developed that they intended to enforce that tax by reason of this contract, but they waived it, so that they did not charge it in this part of the world. I am not speaking of anywhere else.

Q. When did they add the tax actually to the price of the coal? A. They put it on in the shape of five cents a ton in the smaller sizes and ten cents on the large sizes on the first of April of this present year.

Q. That is roughly, nine months after the other com-

panies did? A. Yes, sir. That was universal. It was not confined to them alone. I mean every other company.

Q. Have you ever paid a premium on coal to the Lehigh and Wilkes-Barre or the Philadelphia and Reading Coal and Iron Company? A. No, sir.

Q. Have you paid a premium to other producers at times when coal was scarce? A. When there is a scarcity of coal I buy it from anybody that happens to have it, and have had to pay a premium to get it. Mostly people around town here—I do not know where they get the coal—. Recently the individual operators, because there are more of them now, they get all they can for their coal, as wise merchants naturally. The companies would, if they were not afraid to, I guess.

Q. Have you any general understanding derived from your contract with the larger companies that it is against their policy to charge the public more than the regular price? A. They never have done it, not within my experience. Their prices are made and established, and with the exception of putting that tax on last year on the part of the Philadelphia and Reading and Lehigh and Wilkes-Barre, there has never been a time when any one of them charged an excess price over the circular which they issued within my knowledge.

Cross examination.

By Mr. Coudert:

Q. You used some expression about being penalized on account of some bituminous coal. I did not understand what you meant. A. The city of New York buys coal under the British thermal unit basis, and also an ash content, and they say that it must contain only a certain amount of ash, and it must register, by chemical test, a certain number of British thermal units, and they take the sample arbitrarily themselves and send it to their own chemical shop, and then tell you what you will be penalized, and, of course, the remedy you have is not to sell them. This time we did.

Q. They penalized you how? A. If the ash is a certain number of units above what they consider, they charge you so much per cent. additional. It is all specified in the contract. They have a perfect right to do it, provided it is correct.

By Mr. Reynolds:

Q. That is deducted from the price? A. They deduct from the price.

By Mr. Coudert:

Q. That was in connection with bituminous coal? A. That was bituminous coal; yes, sir. It should have been fourteen and five-tenths British thermal units, and, according to their estimate, it was only thirteen six or seven.

Q. Did you sell them anthracite? A. Yes, sir.

Q. You have the same system for that? A. The same system exactly. Only that we pay more attention to it, and when they take a sample we take one, too.

Q. You do not have any difficulty with them in regard to that? A. We have a little once in a while, but nothing like that. That was exceptional.

Q. Has your anthracite business fallen off materially in late years? A. No, sir. It has gone up; it has increased. The demand for anthracite is increasing. The smoke ordinance is a Godsend. They investigate it if you put it in for heating, and no matter whether there is smoke coming out of it or not, they condemn it. We are doing everything we can to induce a greater use of bituminous coal, because there is no other outlook for the consuming public especially for steam coal.

Q. I understood you to say, though I may be quite wrong, that substitutes were being found for anthracite, and it was gradually going out. A. That is absolutely true.

Q. As far as your business is concerned, it has not gone out yet? A. No, sir. Except we feel it very keenly. In the Summer time we do not have anything to do at all. During the months of April, May and June we are fairly busy; April particularly so. In May, moderately so, and in June we just flip along, and in July, August and September, especially July, August and September, there is

nothing doing, absolutely we lose money so fast that it scares me.

Q. Because they do not buy? A. Because people do not buy any coal at all during the Summer. There is no coal being consumed during the Summer.

Q. Has anthracite any advantages for burning over bituminous coal? A. Only its cleanliness.

Q. Is that the reason why it commands a higher price than bituminous coal? A. It does not for the coals that they use in competition with it.

Q. How do the prices compare? A. They are about the same thing. For instance, we are selling buckwheat coal to-day at $3.65 for two thousand pounds, which we pay $2.95 for, in round figures. Bituminous coal we are selling at $3.85, two thousand pounds in weight.

Q. Is that because the buckwheat enters into competition with the bituminous? A. I think that is the only reason that buckwheat has kept as cheap as it is, because it costs just as much to produce it as it does the other sizes.

Q. If it were not for that competition with the bituminous it would be higher, would it not? A. I do not know about that. I could not tell you. It has always been my opinion ——

Q. What has been the history? A. Since I have been around, it has always been in competition. Of course, buckwheat has come into use only in about fifteen years.

Q. Have any other grades of anthracite during the time of your experience been in competition with the bituminous? A. No, sir.

Q. What other grades are in competition? A. All the other grades are used purely for heating purposes, domestic, low pressure plants. There is nobody to-day with a grain of common sense that uses any of the larger sizes for making steam or generating steam for power.

Q. Generally what are those larger sizes used for? A. Domestic purposes, heating houses, and used in ranges, and in Winter time where people have got to have a little heat they use coal in their ranges. When they can get along without heat and only use it for cooking, they use gas.

Q. Has there been a falling off in the use of anthracite coal in the market in New York in your experience? A. In New York City proper, Manhattan, there has decidedly.

Q. How about generally speaking? A. In Brooklyn and the outlying sections I rather imagine it has increased, if any thing.

Q. Your business has steadily increased? A. Our business has steadily grown, yes. But, it has been at the expense largely, I am sorry to say, of other dealers. When I first started in business here in New York there were two hundred and fifty coal dealers. To-day there are not over forty, and there is not enough for them.

Q. How do you explain that? A. I really could not do it unless it is good luck. I never could ascribe it to any other reason, why I should get so much more than any other fellow, except we have the entire confidence of the public. I give them a ton of coal—that does not speak for much—that is the only reason I can ascribe it to. When we have a period such as this last two or three months, when the difficulties of delivering coal were enormous, when it took a man with at least good physique to stand up under it, as well as good financial standing, because we had to spend money like as if it had no value, and believe me I think a lot of it too, because I have had to work hard for it—that makes it so that the people say, "We want to tie up to a man who apparently is working night and day and has no respect for Sunday." Because we did not stop for one single hour.

Q. You say when you began there were over two hundred and fifty competitors? A. Yes, sir.

Q. Now only about forty? A. Yes, sir.

Q. How during that time, and speaking generally, have your prices of coal been compared with your competitors? A. When we first started they were very much higher than they are now.

Q. The coal prices? A. Yes, sir. Then came a condition in the coal trade in which nearly all the companies busted, including the Jersey Central, it then went into the hands of a Receiver, the D., L. & W. stock, which to-

day is a wonderful investment, was going around begging, the Philadelphia and Reading you know all about that of course—the peculiar condition to-day in regard to the Philadelphia and Reading is, their kind of coal is very expensive, they mine about twenty per cent. of the whole output, and they have to get a decent price for the coal or they would have to go out of the business—I was taking lunch with Mr. Baer one day a year or two ago, and he showed me his balance sheet, in which I think his profits were seven cents a ton. I think it would be interesting if you would go up there and see what that coal goes through, the same as I did, and you would come back convinced that it is the most remarkable thing that coal is sold so cheaply as it is when you consider what it has to go through.

Q. How do your prices compare with those of other retailers in the market? A. They are generally a little bit higher. I think we get more money for coal than almost any other dealer in Manhattan.

Q. What is the difference? Suppose Mr. X desires to buy a ton of various grades of anthracite coal from any reputable dealer throughout the city, how much variation in price would he find? A. As much as twenty-five cents a ton perhaps. We figure in cents, not per cent. You have to do a very large volume of business to make any money. The reason for this reduction in the number of coal dealers—in the olden times every coal yard was practically in the middle of the city near its customers. Jeremiah Skidmore had a place at Thirteenth and Fourth Avenue. The property to-day is worth a million or was before the depression. They went and located on the east side, Thirty-fifth and Thirty-fourth Streets. That blew away the dealer. They would have a coal yard in the interior of the city, and as soon as value increased there they could not continue to pay the rent that was required, and the result was they had to get out, and they did not think well enough of the business to go in it anywhere else. There was a time when there were coal yards on Fifth Avenue.

Q. Where are your coal yards? A. They are located all over the city, on the water front, and we have one at

Delancey. We get yards where we can reach every customer about a mile away.

Q. Do you own them or lease them? A. We lease them almost entirely.

Q. Have you leased any from the coal companies? A. We leased the Communipaw from the coal company.

Q. Whom do you lease that from? A. From the New Jersey Central Railroad, and pay them thirty thousand dollars a year rent.

Q. You have a contract with them? A. We have a contract with them; yes, sir. $7500 a quarter in advance.

Q. Is that lease still subsisting; do you still have a lease with them? A. Yes, sir. They have violated the principal part of it though.

Q. Have you lived up to your obligations of the lease? A. Tried my best; yes, sir.

Q. Are you obligated under that lease to purchase any part of your coal from them? A. Yes, sir.

Q. What is that? A. A quarter of a million tons I think it is. As matter of fact, we buy more than that from them. We have to.

Q. Half a million, is it not? A. About a half million; yes, sir.

Q. Do you have any other leases with any other railroads? A. We lease a place at Thirty-eighth Street from the Pennsylvania Railroad.

Q. You have a similar contract with them? A. No; we have a lease only. We have no contract. We pay them $6000 a year and taxes. The total is about $10,000 a year. During the past year their subsidiary, the Susquehanna Coal Company gave me no coal and had it not been for the gentleman at the end of the table (Mr. Robert C. Hill) we would have been out of business there. He gave us some coal. I refer to Mr. Robert C. Hill of the Madeira-Hill Company. They gave us quite a bit of coal.

Q. You have no contractual relations with the Pennsylvania to purchase any coal from them? A. No, sir; we have no agreement with them to purchase any coal. Only a lease.

Q. Do you lease from any other coal road? A. That is all. Except over in Brooklyn we have a yard we lease from the D., L. & W.

Q. Have you any arrangement with them as to the purchase of coal? A. No arrangement. I cannot get coal from them half the time.

Q. During a great part of the year you find it difficult to get enough coal? A. Yes, sir; I do. Yes, a great part of the year. Not the greater part.

Q. At that time do you purchase from the companies indiscriminately wherever you can get it? A. Purchase wherever I can all the time, yes, sir.

Q. In making those purchases what is the determining factor which in your mind leads you to purchase from one rather than another? A. As far as I am able to, I buy the best coal first, and when I cannot get any more, I take what is coming. I give the preference to the better grade of coal, and sometimes the price, of course.

Q. The price is usually pretty uniform? A. Generally; yes, sir.

Q. Does the delivery have anything to do with it, where the coal is delivered to you, or anything of that kind? A. No.

Q. Always delivered at your yard? A. No, sir; it is delivered on our boats. We pay the freight, insurance and everything else ourselves.

Q. Where are those boats? At your piers, are they not? A. Yes, sir. They are floating in the river wherever they happen to be. We have quite a fleet of our own, and in addition we hire quite a lot of boats.

Q. Do any of the coal companies give you any special allowance? A. No, sir. I am sorry to say they do not. We used to get an allowance, but I was blocked with others, and it was stopped on me.

Q. When did they cruelly cut you off from that justly merited allowance? A. About a year ago. They just stopped it and said, "Nothing doing."

Q. Who advised you? A. I wouldn't like to say. They did not advise me.

Q. They notified you they would stop? A. They did not pay. Do you want what I said in response to their advice?

Q. Did they allege any reason for apparently an arbitrary act? A. Yes, sir; they did. It was not a viola ion of the Interstate Commerce Commission apparently, because it was put in the tariff, and the reason for giving it to us was that we were unable to do the business here in New York with the keen competion that was going on without it, and the result of it has been, when we could not get it from the railroad company we put it on to the public, naturally. The public get it anyhow, coming and going.

Q. The public are paying this Pennsylvania tax which you spoke of, are they not? A. They certainly are; yes, sir.

Q. That tax is how much; ten cents a ton? A. Ten cents a ton.

Q. How much was added to the price of coal? A. Fifteen cents.

Q. By the railroad company? A. Five cents by the railroad company on the smaller sizes. In the case of the Reading and the Lehigh and the Wilkes-Barre, it is an absolute tax two and a half cents. In the cases outside of them, universally the price has been advanced ten cents on one size of coal, five cents on the others. On pea five cents, and on buck, and five cents on all the junior sizes. On domestic sizes ten cents.

Q. In order to cover that tax? A. I do not know what their reasons were. They do not say so, because they are afraid we might ask them to pay us back if it was declared unconstitutional.

Q. It was shortly after the imposition of the tax? A. It was nine months after. It was on the 1st of December last when the others put it into effect outside of the one or two.

Q. In consequence you had to pay that much more for your coal? A. Yes, sir.

Q. How much did you ask from the public in consequence of that? A. Fifteen cents a ton.

Q. You added fifteen cents a ton to cover the ten cents

that they put on? A. Yes, sir. Five cents that they put on, and ten cents we put on, fifteen cents. If they had not put on anything at all, we would have found it necessary to have increased our prices. For instance, laws are constantly being put in force which make it impossible for a man to get along. Three or four years ago we were paying eight thousand dollars a year premiums on the casualty insurance. The best offer I have had from any concern that would be worth considering was $32,800, and with the proviso that until they knew how this workmen's compensation law was going to act, that they would not guarantee that there would not be a further advance. We finally succeeded in getting one man who has taken the contract for $25,000, a lump sum. On the 1st of January last, a delegation of working men came into our office and announced, and notified us that they did not intend to put the rates up this year. We are paying them $18 as a maximum for a truck driver, 30 cents an hour.

Q. What do you mean by $18? A. $18 a week maximum. That is the rate for a three-horse truck driver. It is $17 for a two-horse truck driver and so on, and instead of working eleven hours they are practically only working nine. They used to come in the stable at half-past six and their time began at seven o'clock when they came on the scale, and if they got back into the place by half-past six that was considered a day's work. If they worked a few minutes after half-past six, we allowed them an hour overtime. Now they come into the barn at six-thirty and their time begins then, and they must be back in the barn at five-thirty and out again, or else we have to pay them extra hours. We calculate that it is taking twelve hours now to do a day's work.

Q. Have coal prices at which you buy it always been practically uniform since you have been in the coal business? A. Always more or less uniform, because the minute anybody makes a lower price everybody has to follow suit. Particularly at the present time, there is not the slightest incentive, because it is a good deal of considera-

tion for them to give us the coal at that price, when they could, if they were really merchants, get a good deal more money for the coal.

Q. How could they get a good deal more money for it? A. All they would have to do would be to ask for it.

Q. You mean there is such a demand? A. People must have the coal. For instance, we have paid as high as $10.50 for coal during the strike of 1912, and I was getting it from the coal companies at five dollars. I was not buying from Mr. Baer, fortunately, at that time, because he said that anybody that would sell coal over the regular price, which I think was $6.50 he instructed his people to not give them any coal.

Q. Is there any particular scarcity of coal now at the present time? A. Yes, sir. Particularly at this minute.

Q. And it is difficult to get it? A. Difficult to get it; yes, sir. There is a delay on stove and egg to-day. Not a pronounced delay. None that is going to cause an advance in price. They are all beginning to harden up.

Q. What do you do? You give orders all over? A. Yes, sir. The way the coal business is done, when we want coal, we call them up and say we would like a cargo of coal, and they put it in for us.

Q. Are you an incorporated company? A. Yes, sir.

Q. Have you ever paid any dividends? A. We paid two and a half per cent. last year.

Q. Before that? A. Before that we paid them whenever we had them. This is a new corporation a year and a half old.

Q. What rate of dividend was paid before that? A. I think they averaged about ten per cent.

Q. You used one phrase that I am not sure I understood, in your direct examination, you said something about small sizes going out of sight. Did you mean the prices going up? A. I meant for several years back the consumption of coal on the part of user has been largely the small sizes, No. 2 buckwheat and No. 3, and people were dependent very largely on the washeries as a

help out. That is, I mean that the companies in years gone by had deposited in culm banks a lot of those small sizes which were not salable at that time, and then on account of the demand, and the companies trying to make something out of them they put up washeries, that is, they washed and took out all the coal of those salable sizes. That would come here and help out. Those things are gradually being used up, so that we are in a measure largely dependent, especially in the Wyoming region, where the better grades of coal come from, on freshly mined coal.

Q. You say that the large coal companies could get a good deal more for their coal if they had a mind to charge it? A. You are right, yes. They would have the least trouble of anything you ever saw in your life at certain seasons of the year.

Q. You said they were not merchants? A. I say a man ought to try to get all he can for the goods he has to sell.

Q. You do, do you not? A. I declare to you I do.

Q. Why do not they? A. I give it up. Because they are afraid of you, I guess. I believe that is true. That is before you appeared on the scene.

Q. You are speaking of the Government? A. Yes, sir. That is entirely impersonal.

Q. Can you tell me in a general way about how much coal you sell in an average year in tons? A. We sell from two and three-quarter millions to three millions in a year.

Q. Can you tell now in a very general way how that purchase is distributed? I mean by that, what proportion, very roughly speaking, you purchase from the Reading? A. I should think we purchase about 200,000 tons a year from the Reading.

Q. From the Wilkes-Barre? A. I should think about three-quarters of a million tons.

Q. From the Lehigh Coal and Navigation Company? A. About 150,000 tons.

Q. Who is your largest vendor of coal; what company;

the Delaware, Lackawanna and Western? A. No; I would have got a good deal more from them if I could get it. It is very excellent coal. I should say that I bought most coal from the Lehigh and Wilkes-Barre in proportion.

Q. What is your reason for that? A. It is an exceedingly good grade of coal, the best there is in the market, and I buy it wherever I can, and so does everybody else in New York.

Q. It is better than the Delaware, Lackawanna and Western? A. Yes, sir; it is a more serviceable coal, a harder coal.

Q. That is in your judgment? A. That is beyond question. I do not have to have anybody's judgment on that. You can see that as you run.

Q. Do they have as many kinds and grades as the Reading? A. They have the same thing, excepting the Reading has red ash coal.

Q. Does the Reading have any kinds of coal that the Lehigh and Wilkes-Barre do not have? A. Yes, sir. They have the red ash and the Lykens Valley.

Q. Tell me about that. A. They have the Lykens and the red ash. That is all the coals they have that differ materially from those produced by the Lehigh and Wilkes-Barre as a general proposition.

Q. Have those coals any particular advantage, the two you mentioned? A. There was a time when they did, but later I think they are rather a detriment to a company than an advantage.

Q. What are they, harder or softer? A. They are softer. They are a poor man's coal. A working man's wife can put in a fire a very small quantity and get along nicely, but nowadays there are not many of those kind of people. They generally live in a flat that is heated, or else they buy their coal from the peddler.

Q. What about the Lykens? A. The Lykens Valley is a very deep red ash. It is very friable. It is a very friable coal. I should say twenty-five per cent. of it went to dirt immediately.

Q. How are the coal circular prices given to you? Are they sent to you or brought to you by agents? A. On the first of April, usually, we receive a notice from the companies, saying that there will be a reduction of fifty cents over prevailing prices in the month of March for the month of April, for the month of May forty cents, and so on until the price is restored on the first of September.

Q. They do that regularly, so you always know it is coming? A. Yes, sir.

Q. You can govern your business accordingly? A. Yes, sir; we make our agreements on that basis. We contract to sell an apartment house to-day with coal $6.25, with an advance each month of ten cents down until September.

Q. How does that price of $6.25 to-day compare with prices when you first went into business some twenty years ago? A. The price when I went into business was about $7 a ton. It went down until we were selling at $5 I think, or $4.75.

Q. What date was that? A. I do not recollect. I think it must have been somewhere in the eighties, that the companies went all to pieces, every blasted one of them became embarrassed for money.

Q. And the coal went down how low then? A. The coal went down I think at that time to $4.75 or $5. I am not very clear on that.

Q. Has it been going up ever since until it reached $6.50? A. It continued in that way until the strike of 1902 when the opening price was made and since that time I think there has only been one advance, plus the tax, since 1902.

Q. One advance in the price plus the tax? A. That was the time the President interfered.

Q. That was in 1902? A. Yes, sir.

Q. Since then have prices been advanced? A. They have been practically the same, except when we had the strike in 1912, and then that tax. There has only been one change in those twelve years.

Q. That makes two changes and the tax? A. Yes, sir. The tax. That was not by the company.

Q. Then there was a rise in consequence of the strike of 1912? A. In 1912 of twenty-five cents; yes, sir.

Q. That makes two changes? A. Yes, sir; including the tax.

By Mr. Kingsbury:

Q. Your present lease from the Central Railroad of New Jersey is the one of June 15th, 1910, is it not? A. I think it is; yes, sir.

Q. That lease binds you, does it not, to purchase all the coal which you handle at the demised premises from points north or west from Mauch Chunk, Carbon County, Pennsylvania? A. That is the only place you could get the coal. There is nobody else that could give the quantity of coal that would justify the keeping of a pocket of that kind and paying that rent. There is nobody else large enough on that railroad.

Q. The lease also bonds you to cause all the coal that you handle at the demised premises to be transported over the lines of the railroads owned, controlled or operated by the lessor, does it not, and you have lived up to that agreement? A. We could not get it from anywhere else.

Q. You could get coal from other parts of Pennsylvania, could you not, and haul it over other railroads and bring it to your yard? A. That would be poor railroading, because they would have to divide with this particular road part of the transportation, and they reach the same section themselves.

Q. It might be good business for you, might it not? A. Yes, sir; it would be rattling good business for me, if they would allow me to do that. I do not know that it would. I do not see much advantage in it. They are all the same price to all intents and purposes, except when I buy of a middle house, and then I pay a premium.

Q. You spoke of the plan of reducing the price in April and then raising it successively. Do you know whose plan that was? A. He was a genius. I really do not know.

Q. How did the plan come to your knowledge? A. The plan came in the shape of a notice that they intended, for the benefit of the business, to make it so that they could con-

tinue mining during twelve months, to induce the customer to take his coal, because there was a reduction in the price.

Q. In what mystic way did they give you this notice or send you this notice? A. I presume in the good old days they conferred together about it. I have not an idea at all.

Q. Who were they? A. They were the coal companies.

Q. What do you mean by the coal companies? A. Whoever represented them at that particular time. I do not recollect, because that is rather a piece of ancient history. That has been prevailing now for about fifteen years.

Q. You mean by that the so-called railroad companies? A. I mean every coal company has a sales agent, and the sales agent presumably notified the others. I know nothing about it. They notified me.

Q. From whom did your notice come? A. Every blasted one.

Q. All about the same time? A. Nearly at the same time.

By Mr. Coudert:

Q. An avalanche? A. There is not so many.

By Mr. Kingsbury:

Q. How many? A. Five or six.

Q. In your direct examination you used some phrase about telling these coal agents the truth if you dared to. A. Who? I am not afraid of anybody to tell the truth. I would be surprised if anything has cropped out in my testimony that would even imply that I am afraid of anybody, except physically I might be very much afraid. I am not afraid of any of the coal companies, because they need me just as badly as I need them. Somebody must handle the coal to meet the consumer.

Q. I think you used such a phrase. A. It did not apply in that particular. That is very sure.

Q. You were speaking a few moments ago before this discussion arose, of there being only a comparatively few coal companies, you said five or six. What ones were they? A. There is the Lehigh Valley, the Lehigh Coal and Navigation, the Delaware, Lackawanna and Western, the Williams & Peters, who represent the Erie Railroad, the

Keystone Coal Company, the Susquehanna Coal Company, Dickson & Eddy, who are the Ontario and Western, and the Delaware and Hudson in this market, and then there are a number of individual operators.

Q. And the Reading and the Central? A. And the Reading and the Jersey Central, the D., L. & W. The D., L. & W. does not bring much coal except the smaller sizes in this market. They send most of their coal out west. The Philadelphia and Reading and the Jersey Central, this is the natural market for them. That is why they bring their coal here.

Q. You buy your largest amount from the Lehigh and Wilkes-Barre? A. For the very reason that I can't get it from anybody else.

Q. Who do you buy your next largest amount from? A. I think the next largest is from the D., L. & W. of the junior sizes.

Re-direct examination.

By Mr. Reynolds:

Q. Did I correctly understand you to say that the chief incentive for the use of anthracite coal here in New York arose from the laws called the smoke ordinance? A. Yes, sir. Everybody would be using bituminous coal were it not for that, because bituminous coal is intrinsically worth more money, even if you have to pay more for it. The generating power is greater.

Q. There are more thermal units per ton of bituminous than anthracite? A. Yes, sir; just about two thousand.

Q. It is a better fuel for heating and steam raising purposes? A. Yes, sir.

Q. The advantage of anthracite I understood you to say was in cleanliness and absence of smoke? A. That is absolutely necessary in New York, because they will not permit you to use it.

Q. So people by law make this market for their anthracite here, by this smoke ordinance, is that correct? A. That is correct; yes, sir.

Q. Some mention was made of your lease. What is the

rental you pay for that property you lease from the Central? A. $30,000 a year.

Q. Do you lease any property on Manhattan Island for coal yard purposes? A. Yes, sir.

Q. Do you lease any property from the city of New York? A. Yes, sir.

Q. Where is that leasehold located from the city of New York? A. Ninety-sixth Street and Riverside Drive.

Q. Has that railroad tracks right beside it? A. The New York Central.

Q. And has railroad facilities right adjacent to it? A. Yes, sir. But they are not adapted for the coal business.

Q. So that you could get a rail connection there if you wanted it? A. Yes, sir.

Q. That I understand is right in the heart of New York City? A. Yes, sir.

Q. Is it more or less valuable from a rental standpoint, in your judgment as a large lessee of properties all over the city, than the property leased to you by the Central Railroad Company of New Jersey? A. Most emphatically.

Q. Which; more or less? A. More, of course.

Q. Very much more valuable? A. It is a very valuable piece of property, of course, up around the Drive, right on the river front, and in the section of the city that it reaches a territory almost within a short distance of where the largest consumers of coal in New York City are.

Q. All the big apartment houses along the Riverside Drive are in that vicinity? A. Yes, sir.

Q. It is a highly desirable leasehold property? A. A very desirable property, particular so.

Q. Do you have to pay any taxes on that property? A. No, sir. We pay $3650 a year rent for that property and no taxes. That is my recollection of it.

Q. For the Jersey Central property you pay $30,000? A. Yes, sir.

Q. It was, in your judgment, a fact that there is no favor to you in that lease from the New Jersey Central? A. I think it is quite the reverse. I never would have thought of paying it if you had not put into your tariff an allowance

of fifteen cents a ton, and there is no man living could live there and pay that rent.

Q. What was that allowance? A. Fifteen cents a ton you allowed me.

Q. On what? A. On all the coal that came to New York over the ferry. And that was not exceptional on the part of every railroad over in that section.

Q. What was the purpose of giving fifteen cents when it came over the ferry? A. To put it on a parity with the New York dealer. That is ourselves, in other words.

Q. Was the ferry charge fifteen cents? A. The ferry charge was an average of fifteen cents—ran from ten to twenty cents.

Q. The purpose of the allowance was to——. A. Equalize the landing of coal in New York City.

Q. To make it the same cost whether you got it over the piers and into the barge, or took it over the trestle on the land and hauled it by team? A. Yes, sir. In New York you can make on an average six trips a day in a given number of hours, twelve, it takes now, and it used to take ten. Over there we make four.

Q. Was the effect then to make the cost of your coal to you in New York the same whether you brought it to New York in barges from the piers by water, or brought it over the trestles on the land by wagon across the ferry, and had the ferry charge of fifteen cents refunded to you? A. Yes, sir.

Q. The price was just the same either way? A. Yes, sir.

Q. That was the purpose of it? A. Yes, sir. That was the intention.

Q. And it appeared in the tariff which was in force for a number of years? A. Yes, sir. But I inherited it, and only kept it long enough to get my seat warm, with my usual luck.

Q. Going to the question of the tax which was put upon the coal by the Philadelphia and Reading Coal and Iron Company and the Lehigh and Wilkes-Barre Coal Company, I understood in your cross examination that that additional

tax was put on coal sold by those companies in July or August of last year? A. Yes, sir.

Q. Well, in advance of any such movement on the part of any other company? A. Yes, sir. December 1st was when the next one was put on, and some did not put it on until the 1st of April.

Q. Do I understand you correctly that the Lehigh and Wilkes-Barre and the Philadelphia and Reading put on exactly the same per cent. of tax as the State provided, namely, two and a half per cent.? A. That is what they claim. I do not know anything about the statute at all.

Q. Those companies did put on an item of two and a half per cent. on the bill? A. Yes, sir.

Q. And stated that that was put on to meet the Pennsylvania State tax? A. Yes, sir.

Q. Is it well understood in the trade that if that tax statute is declared unconstitutional that those companies will refund the tax to you? A. I do not know. I think that is the general feeling, but I am not sure of that. That is the impression I have personally. By putting it on in that shape, I think the intention is to refund it if they get it back.

Q. The other companies, however, did not follow that method of putting on the tax? A. No, sir. There is an absolute advance in the price of coal.

Q. Of the other companies? A. Yes, sir.

Q. They put a full advance on? A. I think with the exception of John Markle, who is doing the same thing, and who is an individual operator. He is mining coal on the Lehigh Valley Railroad. I think he does the same thing. That is my impression.

Q. Do your purchases from various coal producers fluctuate with a good deal of variability from year to year? A. From the different concerns?

Q. Yes. A. Yes, sir.

Q. You have no general ratio of purchases? A. No, sir. We could not, as matter of fact, because we can only sell coal when the people want it, and the sale of it depends entirely on the weather condition.

Q. And that applies as well to the proportions of coal that you take from the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company? A. Yes, sir.

Q. Do you, as matter of fact, receive any circular of the prices from the Lehigh and Wilkes-Barre? A. No, sir; I do not. I have from the Reading. I do not think I have received a circular from the Lehigh and Wilkes-Barre. I think I have never received one, not of late years, anyhow.

Q. Going back to the question Mr. Kingsbury was interested in; is there any form or fear or threat or intimidation or persuasion, or anything else that is iniquitous that you know of, that is used by any of these coal companies to influence you to purchase coal from them? A. No, sir; there is not. They are afraid of their own shadows.

Re-cross examination.

By MR. COUDERT:

Q. Did you ever receive any circular price list from the Reading? A. Yes, sir.

Q. But not from the Lehigh and Wilkes-Barre? A. No. That never occurred to me until Mr. Reynolds called my attention to it.

Q. And you know the prices are the same? A. Yes, sir; it was the same.

Q. You believe that there is an understanding as to a refund of that two and a half per cent. tax if it should be declared unconstitutional. To whom would it be refunded? A. I presume it would be refunded to the dealer.

Q. It would be refunded to you, would it not? A. Yes, sir.

Q. And of course, you would refund it to the public? A. I would not if I could help it.

Q. You would find it difficult to do it? A. It would be spread out in such small amounts they would consider it an insult.

Q. I understood you to say it was the small sizes of coal, pea and buckwheat, that came in competition with the

bituminous coal? A. It used to be pea and buckwheat, but pea coal has got to be a household coal.

Q. Which is the coal that comes in competition with the bituminous? A. Buckwheat Nos. 1, 2 and 3. One we sell at $2.85—just think of selling a ton of coal and carting it for $2.85.

Q. What profit is there on that? Very small? A. It would be hard to find. If you did not do any other business but that, it would not pay.

Q. Why do you sell that so low? A. Because we cannot help it. It keeps our trucks going in Summer.

Q. So you have to make your profit on the larger sizes? A. Yes, sir. If we did not have the steam trade and the domestic sizes we would have to get a dollar a ton, because nobody would want it except in Winter time, and then you would have to give it to them.

Q. How does the profit on the larger sizes, which do not compete with the bituminous coal, compare with the profit on the smaller sizes? A. We make perhaps thirty or thirty-five cents a ton on the domestic, and practically nothing on the smaller sizes, excepting it bears its proportion of the overhead charges.

ROBERT C. HILL, having been duly sworn, was examined as follows:—

By MR. REYNOLDS:

Q. What is your business? A. We are miners and shippers of anthracite and bituminous coal, and we handle besides coals on commission.

Q. What is your firm or company name? A. Madeira, Hill & Co., a New Jersey corporation. I am vice-president of that company.

Q. You say you are miners of anthracite coal? A. Yes, sir.

Q. As a matter of fact, are you one of the largest miners of anthracite coal known as the independent miners? A. I think we have the largest tonnage probably, that is handling our own product.

Q. Your mines are located in different parts of the coal

regions, and you ship over almost every one of the anthracite railroads, do you not? A. The Pennsylvania Railroad, the Lehigh Valley, the Jersey Central, the D. & H., and the Reading, and I guess nearly all of them. We do not ship over the D., L. & W. or the Ontario and Western.

Q. How long has your concern been in the business? A. We were incorporated in 1893, and we took over the business in 1892, of George B. Newton & Co., which had been in business since 1869 or 1873, I guess.

Q. So you are one of the oldest concerns in the region? A. Yes, sir.

Q. In the distribution of coal I understand you to say you also purchase coal from other operators? A. Yes, sir.

Q. Do you purchase large quantities of coal from other independent operators? A. Large quantities. We purchase as it may be required, and also as the price will allow us to, that is, to advantage. If we can supplement our own shipments by outside purchases, of course, we are very glad to.

Q. You have got a following among the independent producers? A. Yes, sir. We are handling quite a lot of independent operators' coals in that connection.

Q. How wide a field do you distribute that coal over? A. I suppose we distribute directly over as wide a field as any of them, from Florida up into Nova Scotia—all along the coast.

Q. At what point in the United States can you say, from your experience, that a ton of coal has the greatest potentiality in competition? A. Without any question, at New York harbor. It has a wider market offered there than any other place that I should know of.

Q. It can from there be distributed to almost any coal consuming market on the eastern coast? A. Yes, sir.

Q. Are your headquarters in this city? A. My headquarters are in this city; yes, sir.

Q. You also have headquarters in Philadelphia? A. Yes, sir.

Q. What, in your judgment has been the effect upon the trade, that is, has it been to stimulate or to restrain it, of

the establishment of a plan of selling coal at a reduction of fifty cents a ton on the 1st of April and gradually increasing it ten cents a ton? A. It has been, I should think, in every way beneficial. It has made prices stable. It has made an inducement to buy in the Summer months, which ordinarily would be practically barren. It has kept the mines going regularly during those Summer months, which ordinarily would be working on two or three days a week time, and it has enabled the purchaser to determine ahead as to what the prices were going to be, knowing what he would have to meet, what competition he would have to meet in prices, and enable him to make his contracts at a lower figure so he could take care of his trade in a dull time with an assurance of supply.

Q. You think that has been a benefit to you as an independent producer of coal? A. Yes, sir; as an independent, and also as selling coal on commission. And also to a dealer.

Q. Has it been your experience in your contracts with the numerous other independents who mine coal and sell through you that it is their experience that trade has been benefitted and promoted rather than restrained? A. Unqualifiedly.

Q. How do you transport your coal from New York to various destinations? A. By barges which we charter. In New York harbor we charter from the firm of M. J. Tracy, lighterage owners, and for our outside business we charter either schooners or barges from regular vessel brokers, or directly though the companies, if they have barges to offer. We charter Lehigh Coal and Navigation barges, D., L. & W. barges, O. & W. barges—we charter all classes of equipment.

Q. Would it be a fair question to ask you (if you have some trade reason for not desiring to answer, do not let me induce you to answer), what is the charter rate you are able to get? A. The company charter rate from the upper ports is fifty cents to Boston. Everything is quoted to Boston. Fifty-five cents from the lower ports. That governs Elizabethport, Port Johnson, Perth Amboy and South Amboy.

Q. Are you able to get coal transported a great deal of the time through producers or other outsiders at about the same price? A. There are as good ocean-going equipment usually, but we have chartered D., L. & W. barges at absolutely competitive figures, at the rates I have named, 55 cents from the lower ports. We are paying the D., L. & W. to-day 60 cents. About three weeks ago we were quoted 55 cents, which is the regular company barge rate. I do not believe any of them can make any money at 55 cents. They are simply keeping down expenses by keeping the men employed and helping out on the overhead charges. Out of that they are paying the towing charge and for the trimming of the coal—the trimming of the coal is three cents a ton. That is, to transport it to Boston, and they cannot make probably more than three trips every two months.

Q. You regard that then as a very reasonable charge? A. Yes, sir.

Q. Not at all an extortionate charge? A. Quite the reverse.

Q. Do you purchase any coal from coal companies, the stocks of which are supposed to be owned by the railroad companies? A. Yes, sir.

Q. Do you find those coal companies deal with you and sell coal to you? A. Yes, sir

Q. Without oppression? A. Without the slightest.

Q. They do not appear to try to drive you out of the business by unfair methods? A. We are buying coal from all the companies at different times, more particularly from the Lehigh and Wilkes-Barre, the Reading, the Jersey Central and the Susquehanna Coal Company.

Q. They do not try to freeze you out? A. Not at all.

Q. Or use methods that are improper? A. That would look like encouragement to me, that they were willing to sell us coal.

Q. Do you find that they compete for the business of selling coal to you? A. Very much so.

Q. Does that competition extend even to the business of selling to you as between the Philadelphia and Read-

ing Coal and Iron Company and the Lehigh and Wilkes-Barre Coal Company? A. It does; yes, sir.

Q. You do not find, do you, that those two companies compete as to the matter of price? A. Except on their special coals.

Q. On standard coals? A. On coals of similar character they do not compete in price. Their prices are uniform, except on the smaller sizes. There is a difference between pea and buckwhat.

Q. Do these companies, both of them, endeavor to sell you coal and solicit your business? A. They do at certain seasons of the year. Of course, when coal is scarce, they do not have to persuade anybody to buy coal.

Q. As between the Lehigh Coal and Navigation Company on the one hand and the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company on the other hand, have you any keen competition? A. Just as keen as between myself selling my own coal and the Reading.

Q. You mean by that, that so far as you can tell, the Lehigh Coal and Navigation is just as much an independent producer as Maderia, Hill & Co.? A. Absolutely so.

Q. Does that competition extend to the point of the Lehigh Coal and Navigation Company shading the prices? A. Shading prices or raising the prices. If you want their coal, they will raise their price of coal at certain seasons of the year. They are an absolute free lance. I do not think they have any standard circular.

Q. Do they sell the coal for a little more than the regular price if the market is brisk? A. Yes, sir.

Q. And if the market is dull and competition in price uncertain, they compete and give you a better price than the other company? A. Yes, sir.

Q. Does the competition in price involve such reductions from the circular as to be convincing proof to you of a *bona fide* desire to undersell and compete? A. Yes, sir. At certain times of the year the movement of coal is very slow. The Reading will offer an inducement by bill-

ing their red ash coal, which is selling at a circular premium of 50 cents a ton, they will bill that red ash coal as white ash in order to induce you to take their white ash at a certain price, in competition with the Lehigh and Wilkes-Barre, or in competition with anybody else. That is a condition that I do not know obtains generally or is generally known, but they have a circular price for Schuylkill Red Ash coal 50 cents over white ash price. That coal will be billed to an individual at 50 cents less than red ash, calling it white ash—the bill of lading calling it white ash coal, but the consumers get red ash coal, which is worth a premium of 50 cents.

By Mr. Coudert:

Q. Are there any other things of that kind? A. I do not know of any other difference such as that. You are getting a better article of stove which is billed at the white ash price.

By Mr. Reynolds:

Q. Does the Lehigh Coal and Navigation Company also compete in a business way in that manner at times? A. Very much so. They have not the same opportunity, because they only have one grade of coal, the Lehigh Coal and Navigation Company.

Q. But they do shade the price? A. They will shade the price, or will offer an inducement on a size that is scarce, giving you a larger tonnage of that if you will move something they want to move. For instance, their circular for pea may be $3.50, we will say, and they will make that price $3.20 if you will take cars of stove coal which they want to move at the circular price. That is an inducement, though it does not show on the circular of the stove price.

Q. Has that condition obtained for all the years you have been in business? A. Yes, sir; absolutely.

Q. You are in about the best position of anybody in this part of the country to testify as to that by reason of the breadth of your market and your dealing with the independents? A. The fact that we are independent oureslves, are dealing with independents, and are also dealing with the

companies, I think we ought to have as good a range as most of them. I do not know anybody that should have more. Our Philadelphia office has a very large business. In fact, that is our main office.

Q. Do these same conditions obtain there? A. So far as I know.

Q. During these years is it a fact or not that there has been a gradual substitution of other fuels for anthracite coal in some sections of the country over which you distribute anthracite? A. Yes, sir; substitution, not so much in fuel, except that they use gas for fuel. They use gas ranges. That has certainly taken a very large amount, the substitution of gas ranges for coal ranges has had a great influence on the use of anthracite.

Q. That has taken a good deal of coal? A. That undoubtedly has taken a great deal of coal.

Q. Do you class the Lehigh Coal and Navigation Company as an entirely independent company? A. Yes, sir. Then the bituminous coal, of course, is more of a feature than it was, where they have been able to install smoke consuming devices. The Edison Company has recently gone on to bituminous coal as against anthracite. They, I suppose, used as much as any other consumer of anthracite coal in this market. They have recently transformed most of their boilers with smoke consuming devices.

Q. Is it a fact that the spur of necessity for the consumption of anthracite coal in this market is to a very large extent the smoke ordinance? A. So far as the junior sizes, the steam sizes, are concerned, undoubtedly that is so.

Cross examination.

By Mr. Coudert:

Q. You spoke of billing red ash coal by the Reading Coal and Iron Company for fifty cents less than the circular, and selling it as white ash? A. That is rather a complicated condition. We will take the circular at any price you choose. The circular of the Reading Railroad reads "Free white ash stove coal $5.00. Schuylkill Red Ash stove coal

$5.50, Lykens Valley stove coal $6.00." If the conditions are so slow that the movement of stove coal that is, the white ash, they will say, "If you will take a hundred tons of white ash stove coal we will give you a hundred tons of the red ash coal at the white ash price." They will bill them to you as stove coal, as free white ash stove coal, without giving them a name, but the consumer will get the Schuylkill red ash, which is worth the premium of fifty cents, at the same figure as the white ash.

Q. Why do they do it in that way? Why do they not simply reduce the rate? A. I suppose they do not want to have any come-back from somebody else in that same connection by their breaking the price of the stove coal, the D., L. & W. might kick, or the O. & W., or anybody.

Q. They break it as a special favor to you? A. Not at all. They break it because they want to move their white ash stove coal. They do not break it for me.

Q. They do not break it for everybody? A. They may if they want to move it. I do not know whether they do. Why shouldn't I compete with any coal I might have myself and make the coal $4.50?

Q. Why do they resort to that subterfuge? A. Only to move the coal on which they are long. They are long on the free white ash stove.

Q. Why do they not move it directly by reducing the price of the coal? A. I do not know.

Q. What is your theory about it? A. It is on the same theory, if Tiffany had three prices for their diamonds, where would you get off? You cannot make a competition on going into a jewelry store. If they had three prices you would never be sure you were getting the jewelry as low as any of your friends. In going into Tiffany's you are pretty sure you are getting the only price that they have. I think by going to the Reading Railroad you are pretty sure that you are getting the only price they have there.

Q. As matter of fact, in regard to this red ash, they sell it in considerable quantities at less than circular price under another name? A. I do not say considerable quantities of red ash.

Q. How much? A. I only know of one or two instances that have come before my attention within the last two years, where at certain times of the year, when the coal was so slow on lots of certain specific sizes, I do not know what sizes, where it was desirable to move them, and where the competition came up between the Reading and the Lehigh and Wilkes-Barre, the Lehigh and Wilkes-Barre were long, but they had no inducement to offer.

Q. Do they have the same kind of coal? A. No; they do not.

Q. Then they do not compete in the kind of coal that they do not both have, do they? A. They were competing in the free white ash, which the Reading was long on, and the Reading induced the buyer to take the kind of coal they wanted to move, but the Lehigh and Wilkes-Barre would not let the seller offer them the red ash coal as an inducement at fifty cents less than their circular price.

Q. In other words, they were dividing the coal between the two companies? A. Not at all. They were competing with the Lehigh and Wilkes-Barre by offering the consumer the inducement of fifty cents a ton by giving him red ash coal at a white ash price to induce the customer to buy the white ash coal which the Lehigh and Wilkes-Barre could have provided.

Q. And, of course, the Lehigh and Wilkes-Barre were in complete ignorance of that, you believe? A. Absolutely; yes, sir.

Q. Although they had the same president? A. But the president and the sales agent are two different people.

Q. Do you say the sales agent was doing that on his own responsibility? A. Unquestionably he was doing that on his own responsibility. The sales agent draws his salary for the amount of coal he is able to sell, and he is answerable to his board of directors and the stockholders for the amount of tonnage he sells.

Q. Is that the explanation of why he resorted to a subterfuge, that he did not desire his own president and officers to know what he was doing? A. I do not think

you appreciate what this agent has to do, where the sale of the coal is an important item, where the coal is being forced on him, and he is looked to to move the coal as it arrives, which is paying railroad demurrage of one dollar a day per car, which is charged against the coal company if it delays the cars, and he is up against the movement of that coal, and he has to get rid of it somehow. If he can force the movement of it by making an inducement which is a concession, if he is selling it that much less than circular, it does not make any difference whether he is competing with the Lehigh and Wilkes-Barre or the Delaware, Lackawanna and Western or the Lehigh, he is competing with somebody who would be selling the coal. That is the only concession he has been able to make and not break his circular.

Q. Why is not he breaking his circular by the sale of red ash for 50 cents less than this red ash sells for? Do you think because he christens it white ash? A. He has not broken any circular, because he has sold stove coal, and there is nothing there to show that there has been any subterfuge, and the customer is getting what he bought.

Q. There is nothing to show any subterfuge? A. No, sir.

Q. The subterfuge does not appear? A. No, sir. The quality speaks for it.

Q. Do you receive coal circular prices from the various companies? A. We do if we ask for them.

Q. Do you ask for them? A. Yes, sir. We ordinarily do. We have our application on file. Therefore, I would say we receive them.

Q. You receive them from whom? A. From the D., L. & W., from the Philadelphia and Reading, from the Ontario and Western—I imagine we get them from anybody we ask for them. Those are the ones I recollect.

Q. Do you get any circulars from the Lehigh Coal and Navigation Company? A. I do not recall that we have.

Q. How do you know their prices? A. By us asking for them.

Q. You ask their coal sales agent? A. Yes, sir.

Q. Does he call on you? A. It depends on whether he wants to move the coal, or whether I want to buy it.

Q. Both? A. Yes, sir. Mutual. We are both interested.

Q. Do you buy a great deal from the Lehigh Coal and Navigation Company? A. Our purchases for the last two and a half years amounted to $66,000 from the Lehigh Coal and Navigation Company in this office. I do not know what the Philadelphia office bought.

Q. Are you in this building? A. Yes, sir.

Q. And your company is a tenant of the building? A. Yes, sir. And pay them a very low rent. We have a very desirable office. We have been here twenty years. We purchased through our New York office from the Lehigh Coal and Navigation Company, 1912, 1913 and 1914, for the three months of this year, $66,000. The Lehigh and Wilkes-Barre $195,000. The Lehigh Valley, $103,000. The Philadelphia and Reading, $123,000.

Q. What is the cause which induces you to buy from one of these vendors rather than from another? A. I think in a good many instances the assurance of delivery. In another instance it might be quality. In another instance it might be price. In another instance it may be facilities for barges.

Q. Where do they deliver to you? A. F. O. B. shipping port, or alongside whatever point of delivery we are making.

Q. Are you always able to get all the coal you want from those various companies? A. No, sir.

Q. You sometimes find it difficult to do? A. Yes, sir. That is the reason why we buy where we have reasonable assurance of delivery.

Q. Have you any special relations, personal or otherwise, with the gentlemen connected with the Jersey Central or the Lehigh and Wilkes-Barre? A. Not the slight-

est. Other than we are in the same building, and have been for twenty odd years.

Q. This building belongs to the railroad, does it not? A. As far as I know.

Q. You have the same landlord, and have had for twenty years? A. Yes, sir.

Q. You are in the same business? A. Yes, sir. Not the same business as the railroad, the same business as the coal company.

Q. What do you mean by an "independent," when you use that phrase? A. An independent operator is one that has no connection, so far as I know, with any of the railroads or railroad coal companies, where the stock of the coal companies may be owned by the railroad companies.

Q. And that has no connection with a railroad? A. Yes, sir.

Q. Did you characterize the Lehigh Coal and Navigation Company as such? A. Yes, sir; as independent.

Q. Are you unaware of the fact that it owns several railroads? A. I mean "independent" in the general pharaseology as we would designate them or class them other than the companies. The usual phrases in the trade are "the independents" and "the companies." The companies as we know them are the O. & W., the Reading, Dickson and Eddy, the Erie, Williams and Peters, the Lehigh and Wilkes-Barre, the Lehigh Valley and the Susquehanna Coal Company, and the Delaware, Lackawanna and Western.

Q. But you did not mean that the Lehigh Coal and Navigation Company was independent in the sense that it was not connected with any railroad, did you? A. I meant it was not connected with the railroad companies that we know as the companies.

Q. With these very railroads? A. As we know them as the companies.

Q. But it is not independent in the sense that it does not own or is not connected with any railroad, as I take it. Have you any connection with any railroad? A. We

have no connection, except we may own a small railroad switch of four or five miles. Their switch may be longer. I do not know what switches they have. The Lehigh and New England do own a part of it, I believe.

Q. Your company does not own any railroad except the siding? A. No; except four or five miles of switch, which may be incorporated as a railroad in the State of Pennsylvania.

Q. On what lines are your coal mines situated? A. On the Pennsylvania, the Lehigh Valley, on the D. & H., and on the Reading.

Q. Do you sell as a retailer in the market? A. No.

Q. You sell to the large commission merchants, like Mr. Burns? A. Yes, sir. We sell to the retailers. We are mining bituminous coal as well.

Q. What difference do you find in the price between the Lehigh Coal and Navigation Company and the Railroad Companies? A. Their circular prices, if the Lehigh Navigation issue a circular, or the prices they are asking during the current months I think are the same. Any concession of that kind must be by negotiation.

Q. So that unless there are some special concessions, as you say, or concessions through negotiations, the prices are the same? A. Their asking prices are the same. That would apply to my own product as well.

Re-direct examination.

By Mr. Reynolds:

Q. Is this locality here in this part of the city of New York generally the coal trade center? A. Yes, sir.

Q. And a great many of the coal producers and coal dealers are in this particular locality?

A. I think all of them, with the possible exception of one or two that have moved up from the New York Central.

Q. And for years there have been a number of them in this building, have there not? A. Yes, sir.

Q. A great many of them in the West Street building? A. Yes, sir; I think so.

Q. And there were a great many of them for years in the Coal Exchange at Cortlandt and Church Streets, were there not? A. Yes, sir.

Q. It has always been the coal trade center. A. Yes, sir.

Q. And the tenants of the building are very generally in the coal business, are they not?

A. I came here on account of the convenience. The president of our company wanted us to go down to No. 1 Broadway but the convenience was so much greater in this building going over to Philadelphia, as I do very often, that I came here. That was my only reason for coming here.

Re-cross examination.

By Mr. Coudert:

Q. You spoke of bituminous competition. Has your anthracite business fallen off owing to the bituminous? A. Our anthracite business has increased. But that has been increased by the ownership and acquiring of other mines. We have acquired more mines. We sell more anthracite coal than we have done.

Q. Right along? A. Yes, sir.

Q. It is impossible for the bituminous to compete, is it not, in a city which is unwilling to be defiled and polluted with smoke? A. The situation, it would seem to me, in New York, is very largely one of smoke consuming devices. They have been able to accomplish something in that line, where they have been able to burn bituminous coal. The Interborough is using lots of bituminous coal. Also the Edison Company.

Q. Do they use the smaller sizes of anthracite also? A. The Interborough does not, as far as I know. The Edison Company did up to last year.

Q. Do these small sizes come in competition with the bituminous? A. Yes, sir.

Q. Do you sell them? A. Yes, sir.

Q. Is there much profit in them? A. Very small, except as it helps the overhead. It costs as much to produce

a ton of small coal as it does a ton of large coal, and we sell them for less money.

Mr. Reynolds offered in evidence record of the case of Arnot against the Philadelphia and Reading Railway Company and others, referred to in the answer.

Government's counsel reserve the general objection as to materiality and relevancy.

The record is as follows:—

IN THE COMMON PLEAS OF LYCOMING COUNTY, PENNSYLVANIA.

June Term, 1892. No. 1.

IN EQUITY.

Matthias H. Arnot, Plaintiff,

vs.

The Philadelphia and Reading Railroad Company, the Lehigh Valley Railroad Company, the Lehigh Coal and Navigation Company, the Central Railroad Company of New Jersey, the Port Reading Railroad Company, the Lehigh Valley Coal Company, the Philadelphia and Reading Coal and Iron Company, and the Lehigh and Wilkes-Barre Coal Company, Defendants.

MASTER'S REPORT.

FILED DECEMBER 5TH, 1892.

I, Harry S. Meyer, Prothonotary of the Common Pleas of Lycoming County, do hereby certify that this Book is a correct and true copy of the Master's Report in No. 1 June T. 1892, In Equity as the same appears of record in this office.

Witness my hand and the seal of said Court this 31st day of Jany. 1910.

HARRY S. MEYER,

[SEAL] *Prothy.*

IN THE COMMON PLEAS OF LYCOMING COUNTY.

June Term, 1892. No. 1.

IN EQUITY.

Matthias H. Arnot, Plaintiff,

VS.

The Philadelphia and Reading Railroad Company, the Lehigh Valley Railroad Company, the Lehigh Coal and Navigation Company, the Central Railroad Company of New Jersey, the Port Reading Railroad Company, the Lehigh Valley Coal Company, the Philadelphia and Reading Coal and Iron Company, and the Lehigh and Wilkes-Barre Coal Company, Defendants.

TO THE HONORABLE JOHN J. METZGER, JUDGE OF THE COURT OF COMMON PLEAS OF LYCOMING COUNTY:

The undersigned Master and Examiner appointed by your Honorable Court respectfully represents:—

On the seventh day of March, 1892, the plaintiff filed his bill against the Philadelphia and Reading Railroad Company, the Lehigh Valley Railroad Company, the Lehigh Coal and Navigation Company, the Central Railroad Company of New Jersey, and the Port Reading Railroad Company, in which he complains and says:—

"1. That the defendant, the Philadelphia and Reading Railroad Company, the Lehigh Valley Railroad Company, and the Lehigh Coal and Navigation Company, are corporations created by and existing under the laws of the Commonwealth of Pennsylvania; and that the defendants, the Central Railroad Company of New Jersey and the Port Reading Railroad Company, are corporations created and existing under the laws of the State of New Jersey.

"3. That the said defendant, the Philadelphia and Reading Railroad Company, owns and operates a railroad.

"That the said defendant, the Philadelphia and Reading Railroad Company, is the owner of all or of a majority of the capital stock of the Philadelphia and Reading Coal and Iron Company, a corporation created by and existing under the laws of Pennsylvania, and engaged in mining and shipping of coal in the State of Pennsylvania.

"6. That the said defendant, the Lehigh Valley Railroad Company, owns and operates a railroad consisting of the main line thereof extending from Phillipsburg, in the State of New Jersey, on the eastern bank of the river Delaware, opposite the town of Easton, in the county of Northampton, in the State of Pennsylvania, to Wilkes-Barre, in the county of Luzerne, in the same State, and of branches as follows:—

"The Lehigh and Mahanoy Branch, extending from Black Creek Junction, on the said Beaver Meadow Branch, in the county of Carbon, to Mt. Carmel, in the county of Northumberland, in the same State.

"7. That the said Lehigh Valley Railroad Company is possessed of leasehold and other interests in the railroads of other companies within the State of Pennsylvania, by means of which interests it controls and operates the said railroads as a part of its system.

"8. That the said defendant, the Lehigh Valley Railroad Company, is the owner of coal lands in the counties of Luzerne and Carbon, in the State of Pennsylvania, and is engaged in mining and shipping coal therefrom.

"9. That the said defendant, the Lehigh Valley Railroad Company, is the owner of all or a majority of the capital stock of the Lehigh Valley Coal Company, a corporation created by and existing under the laws of the State of Pennsylvania, and engaged in the mining and shipping of coal in the State of Pennsylvania.

"10. That by certain agreements made between the said defendant, the Central Railroad Company of New Jersey, and the said defendant, the Lehigh Coal and Navigation Company, the said defendant, the Central Railroad Company of New Jersey, has leased and is in possession of and operates and controls a railroad belonging to the said Lehigh Coal and Navigation Company, called the Lehigh and

Susquehanna Railroad, extending from Phillipsburg, in the State of New Jersey, to Union Junction, in Luzerne County, Pennsylvania, and having sundry branches within the said State of Pennsylvania, which branches are included in the grant aforesaid to the said Central Railroad Company of New Jersey, and are in its possession and are operated and controlled by it.

"11. That your orator is informed and believes, and expects to be able to prove, that the said defendant, the Port Reading Railroad Company, and the said defendant, the Central Railroad Company of New Jersey, have made an agreement whereby the said defendant, the Port Reading Railroad Company, has leased the works and franchises of the said defendant, the Central Railroad Company of New Jersey, including the works and franchises of the said Lehigh and Susquehanna Railroad.

"12. That the said defendant, the Philadelphia and Reading Railroad Company, is the owner of the whole or of a majority of the capital stock of the said defendant, the Port Reading Railroad Company.

"13. That your orator is informed and believes, and expects to be able to prove, that the said defendants, the Philadelphia and Reading Railroad Company and the Lehigh Valley Railroad Company, have made an agreement whereby the said defendant, the Philadelphia and Reading Railroad Company, has leased the works and franchises of the said defendant, the Lehigh Valley Railroad Company, and is in control of said works and franchises, and of those of the railroads controlled and operated by the said Lehigh Valley Railroad Company.

"14. That the works and franchises of the Lehigh Valley Railroad Company leased to and in control of the Philadelphia and Reading Railroad Company by means of the agreement aforesaid, are those of a railroad corporation owning or having under its control a line parallel to and competing with the Philadelphia and Reading Railroad Company.

"15. That the works and franchises of the said defendant, the Lehigh Coal and Navigation Company, which (through the medium of the lease aforesaid to the Central

Railroad Company of New Jersey of the Lehigh and Susquehanna Railroad), have been leased to and are in control of the said Port Reading Railroad Company, are those of a railroad, canal, and other corporation owning or having under its control a line parallel to and competing with the Philadelphia and Reading Railroad Company.

"16. That your orator is advised and believes that the agreement aforesaid between the said defendants, the Lehigh Valley Railroad Company and the Philadelphia and Reading Railroad Company, is *ultra vires*, and if allowed to stand it will be prejudicial to the interests of your orator, and will work him irreparable injury; and that the agreement between the Central Railroad Company of New Jersey and the Port Reading Railroad Company, so far as said agreement is in relation to or affects the said Lehigh and Susquehanna Railroad and its branches, is also *ultra vires*, and if allowed to stand it will be prejudicial to the interests of your orator, and will work him irreparable injury.

"Your orator therefore prays:—

"*First.*—That the agreement of lease between the defendants, the Lehigh Valley Railroad Company and the Philadelphia and Reading Railroad Company, shall be declared to be invalid, void, and of no effect.

"*Second.*—That the agreement of lease between the defendants, the Central Railroad Company of New Jersey and the Port Reading Railroad Company, so far as said agreement is in relation to or affects the Lehigh and Susquehanna Railroad and its branches, shall be declared to be invalid, void and of no effect.

That on the twenty-second day of March, 1892, the plaintiff filed the following amendments to his bill of complaint:—

"1. The plaintiff amends his said bill by adding as parties defendant the Lehigh Valley Coal Company, the Philadelphia and Reading Coal and Iron Company, and the Lehigh and Wilkes-Barre Coal Company.

"2. The plaintiff avers and says that each of the said defendants added is a corporation created by and existing under the laws of the Commonwealth of Pennsylvania.

"3. That the Lehigh Valley Coal Company owns and leases certain lands in Pennsylvania containing anthracite coal, which it mines either directly or indirectly, and all of which coal is taken to market and is sold by the said Lehigh Valley Railroad Company.

"4. That the Lehigh Coal and Navigation Company leases and operates the Delaware Division Canal extending from Easton to Bristol, in Pennsylvania, and owns and leases certain lands in Pennsylvania containing anthracite coal, which it mines either directly or indirectly, and all of which coal is taken to market and is sold by the said Lehigh Coal and Navigation Company and by the lines leased by it to the said Central Railroad Company of New Jersey.

"5. That the said Lehigh and Wilkes-Barre Coal Company is the owner and lessee of certain lands in Pennsylvania containing anthracite coal, which it mines either directly or indirectly, and all of which coal is taken to market and is sold by the said Central Railroad Company of New Jersey.

"6. That the said Philadelphia and Reading Coal and Iron Company is the owner and lessee of certain lands, and is in the control of certain other lands in Pennsylvania containing anthracite coal, which it mines either directly or indirectly, and all of which coal is taken to market and is sold by the said Philadelphia and Reading Railroad Company.

"7. That the said Port Reading Railroad Company owns and operates a railroad extending from a point near the terminus of the Delaware and Bound Brook Railroad near Bound Brook in New Jersey to deep water in the Arthur Kill near the city of New York, and is controlled by the said Philadelphia and Reading Railroad Company, and that at the time of making the agreements named in the bill all or nearly all of the officers of the said Port Reading Railroad Company were filled by persons holding offices in the said Philadelphia and Reading Railroad Company.

"8. That the said Philadelphia and Reading Railroad

Company is engaged in the transportation of anthracite coal from the coal regions in Pennsylvania to points in Pennsylvania and to tidewater at Philadelphia, and to tidewater at or near the city of New York, and owns and leases certain lands in Pennsylvania containing anthracite coal, which it mines either directly or indirectly, and all of which coal is taken to market over its lines and is sold by it.

"9. That the Lehigh Valley Railroad Company, the Lehigh Coal and Navigation Company, and the Lehigh and Susquehanna Railroad are, each of them, engaged in the transportation of anthracite coal from the coal regions of Pennsylvania to points in Pennsylvania, and to tidewater at Philadelphia, and to tidewater at or near the city of New York.

"10. That the said Lehigh and Susquehanna Railroad and the said Lehigh and Wilkes-Barre Coal Company are controlled and operated by the said Central Railroad Company of New Jersey, which said railroad company owns and operates lines of railroad in the State of New Jersey, including a line from Phillipsburg to Jersey City, and which said railroad company is engaged in the transportation of anthracite coal from the coal regions of Pennsylvania to points in Pennsylvania, and to what is known as tidewater at or near the city of New York.

"11. That the principal markets for the sale of anthracite coal are those of New York and of Philadelphia, and that the point in or near each of these cities known as 'tidewater' is reached by the said Philadelphia and Reading Railroad Company by the said Lehigh Valley Railroad Company and by the said Lehigh Coal and Navigation Company respectively, either directly by their own lines, or by those owned, controlled, leased or operated by them respectively. That the point known as 'tidewater' in or near the city of New York is reached by the said Central Railroad Company of New Jersey by means of its own lines.

"12. That the only anthracite coal in the United States is situated in certain counties of the Commonwealth of

Pennsylvania, and comprises an area of about five hundred square miles, and that the parties defendant named in plaintiff's bill and in this amendment thereto, produce either directly or indirectly more than six-tenths of the whole product of the said anthracite region.

"13. That by an agreement made, the said Lehigh and Wilkes-Barre Coal Company has agreed to sell for nine hundred and ninety-nine years, to the said Philadelphia and Reading Coal and Iron Company, the entire product of the lands and collieries operated by the said Lehigh and Wilkes-Barre Coal Company.

"14. That by a certain indenture, agreement, made the eleventh day of February, 1892, by and between the Lehigh Valley Coal Company and the Philadelphia and Reading Coal and Iron Company, it was agreed that the entire products of the lands and collieries operated by the Lehigh Valley Coal Company should be sold and delivered to the Philadelphia and Reading Coal and Iron Company and should be taken, received, and paid for by the Philadelphia and Reading Coal and Iron Company, for and during the period of nine hundred and ninety-nine years; and by a certain other agreement made on the twelfth day of February, 1892, by and between the Central Railroad Company of New Jersey of the first part, the Philadelphia and Reading Railroad Company of the second part, and the Port Reading Railroad Company of the third part, the said the Philadelphia and Reading Railroad Company covenanted, engaged, and contracted to guarantee to the Central Railroad Company of New Jersey the performance and fulfillment by the Port Reading Railroad Company of all the covenants, stipulations, and agreements contained in the said lease, contract, or agreement entered into between the Central Railroad Company of New Jersey and the Port Reading Railroad Company; and by virtue, force, and operation of these said leases and agreements, the Philadelphia and Reading Railroad Company has leased and has acquired control, and has taken possession of, and is now operating all the property, railroads, canals, mines, collieries, rolling stock, works, rights, and

franchises in the State of Pennsylvania heretofore owned leased or controlled by and subsidiary to the Lehigh Valley Railroad Company, the Lehigh Valley Coal Company, the Central Railroad Company of New Jersey, the Lehigh and Susquehanna Railroad, and the Lehigh and Wilkes-Barre Coal Company, and in part the works, railroads, mines, and collieries of the Lehigh Coal and Navigation Company.

And that at all the points along their lines where the Lehigh Valley Railroad Company and the Philadelphia and Reading Railroad Company have parallel lines and at other points, and generally throughout the anthracite coal regions of Pennsylvania, the said corporations have heretofore competed generally for freight and merchandise and passenger traffic, and at the time of the execution of said contracts were parallel and competing lines, and the Philadelphia and Reading Railroad Company, and the Lehigh Coal and Navigation Company, and the Lehigh and Wilkes-Barre Coal Company, and the Philadelphia and Reading Coal and Iron Company, and the Lehigh Valley Coal Company, and the Lehigh Valley Railroad Company have heretofore competed, and were at the time of the execution of the said agreements competing in the mining and production of anthracite coal, and in the transportation of the same to, and the sale of the same at, many points on their respective lines in the State of Pennsylvania, and especially at what is known as tidewater at the city of Philadelphia; and the Central Railroad Company of New Jersey, and the Lehigh Coal and Navigation Company, and the Lehigh and Wilkes-Barre Coal Company, and the Lehigh Valley Railroad Company, and the Lehigh Valley Coal Company, and the Philadelphia and Reading Railroad Company, and the Philadelphia and Reading Coal and Iron Company, have heretofore competed, and were at the time of the execution of said agreements, competing in the mining and production of anthracite coal, and the transportation of the same to, and the sale of the same at many points on their respective lines in the State of Pennsylvania, and especially at what is

known as tidewater in the harbor of New York or the waters immediately tributary to the said harbor; and the Lehigh Coal and Navigation Company, and the Lehigh and Wilkes-Barre Coal Company, and the Philadelphia and Reading Railroad Company, and the Philadelphia and Reading Coal and Iron Company, and the Lehigh Valley Railroad Company, and the Lehigh Valley Coal Company have heretofore competed, and were, at the time of the execution of said agreements, competing generally in the mining and sale of anthracite coal in the Commonwealth of Pennsylvania, and with their railroads and canals, owned leased, controlled, or operated by them were competing in the transportation thereof.

"16. That the agreements aforesaid constitute a confederation designed to raise and control the price of an article of commerce and are in effect an unlawful combination.

"And plaintiff prays in addition to his other prayers:—

"That the agreement aforesaid made between the said Lehigh Valley Coal Company and the said Philadelphia and Reading Coal and Iron Company, and the agreement aforesaid made between the Lehigh and Wilkes-Barre Coal Company and the said Philadelphia and Reading Coal and Iron Company shall be declared to be invalid and void and of no effect, and that the defendants and each of them, and their officers, agents, and employees, and each of them, shall be enjoined from further acting under the said agreements, and from carrying out the provisions thereof."

A large amount of testimony was taken by the Examiner, and is now for the consideration of the Master in determining the various questions raised by the Bill of Complaint, and the respective answers, demurrers, and plea of the defendants thereto.

That a clearer understanding may be had of the evidence as bearing upon the questions at issue, the Master deems it proper to state the facts admitted and those denied in the respective answers of the defendants.

ADMISSIONS.

By the Philadelphia and Reading Railroad Company.

That it is a corporation of the State of Pennsylvania.

That the plaintiff is a stockholder in said company.

That the answer contains a correct statement of all the railroads owned, leased or operated by it.

That it is the owner of a majority of the capital stock of the Philadelphia and Reading Coal and Iron Company, and that the Philadelphia and Reading Coal and Iron Company owns, leases, and controls large tracts of land in the State of Pennsylvania, containing anthracite coal, and that said coal and iron company operates said lands by means of collieries thereon, and that all the coal produced therefrom is transported to market over the railroads of the Philadelphia and Reading Railroad Company.

That by a certain agreement between the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company, substantially the entire product of the lands and collieries operated by the Lehigh and Wilkes-Barre Coal Company has been sold to the said Philadelphia and Reading Coal and Iron Company for the period of nine hundred and ninety-nine years.

That on the eleventh day of February, 1892, there was made between the Lehigh Valley Coal Company and the Philadelphia and Reading Coal and Iron Company an agreement that for a period of 999 years substantially the entire product of the lands and collieries operated by the Lehigh Valley Coal Company should be sold and delivered to the Philadelphia and Reading Coal and Iron Company, the same to be paid for by the said Philadelphia and Reading Coal and Iron Company at a certain rate or upon a certain basis fixed in said agreement, it being, however, expressly provided therein that coal from all of said collieries should continue to be, as it heretofore had been,

transported to market over the lines of the Lehigh Valley Railroad.

That the markets at what is known as tidewater at the city of Philadelphia, and what is known as tidewater at the harbor of New York, are the principal markets and distributing points for anthracite coal in the United States, but it avers that there are other important markets, and particularly that the city of Buffalo, N. Y., is a very important market for anthracite coal, and the principal distributing point for the Great Lakes and Western States, and is almost, if not quite, equal in importance to the city of Philadelphia as a market and distributing point.

And the Philadelphia and Reading Railroad Company further admits that by a certain indenture, agreement, lease, or contract made on February 11th, 1892, between the Lehigh Valley Railroad Company of the first part, and the Philadelphia and Reading Railroad Company of the second part, it was agreed that the railroad of the said Lehigh Valley Railroad Company between Easton and Wilkes-Barre, and also the extension thereof between Easton and Perth Amboy, N. J., and other lines between Wilkes-Barre and Buffalo, N. Y., with certain branches in New Jersey, Pennsylvania, and New York, and also the Morris and Essex Canal in New Jersey, were to be run, used, and operated by the said Philadelphia and Reading Railroad Company for a period of 999 years, together with the equipments, sidings, turnouts, tracks, bridges, stationhouses, buildings, and other property appurtenant to the said railroads and canal.

It admits that by an agreement made February 12th, 1892, between the Central Railroad Company of New Jersey and the Port Reading Railroad Company of New Jersey, the railroad and certain other property and works of the Central Railroad Company of New Jersey, situate in the State of New Jersey, were leased to the Port Reading Railroad Company for a period of 999 years, and it admits that by a certain other agreement made on the twelfth day of February, 1892, between the Central Railroad Company of New Jersey, the Port Reading Railroad

Company, and the Philadelphia and Reading Railroad Company, the Philadelphia and Reading Railroad Company covenanted and contracted to guarantee to the Central Railroad Company of New Jersey the performance and fulfillment by the Port Reading Railroad Company of the contracts, stipulations, and agreements contained in the said lease between the Central Railroad Company of New Jersey and the Port Reading Railroad Company, and that as an inducement for entering into said contract of guarantee, the Philadelphia and Reading Railroad Company was enabled to procure from the Port Reading Railroad Company by its lease of the railroad of the Central Railroad Company of New Jersey, the required terminal facilities in New York Harbor necessary for the accommodation of its present and future traffic.

By the Central Railroad Company of New Jersey.

That it is a corporation of the State of New Jersey.

That it owns, controls, and operates various lines of railroad in the State of New Jersey, and more particularly a line from the town of Phillipsburg, in the State of New Jersey, thence to the harbor of New York, and that its main line of railroad connects at Phillipsburg with the Lehigh and Susquehanna Railroad.

That under and in pursuance of articles of agreement with the Lehigh Coal and Navigation Company, dated March 31st, 1871, it entered into possession, and has since maintained and operated, the Lehigh and Susquehanna Railroad and branches, said railroad forming, with the line of said defendant, a continuous line of transportation from the Wyoming and Lehigh Valleys to tidewater upon New York Bay.

That on the twelfth day of February, 1892, it entered into an indenture of lease whereby it leased and demised all the lines of railroad owned, leased, and operated by it, including the Lehigh and Susquehanna Railroad and its branches, to the Port Reading Railroad Company, and that it entered into a tripartite agreement, dated February 12th, 1892, with the Port Reading Railroad Company and the Philadelphia and Reading Railroad Company.

And the following facts, alleged by the plaintiff, are denied by the respective defendants:—

DENIALS.

By the Philadelphia and Reading Railroad Company.

It denies that the railroads, works, and franchises of the Lehigh Valley Railroad Company leased to it and now in its control by operation of the lease of February 11th, 1892, are parallel to or competing with the railroads, works, and franchises of said defendant, and denies that the said lease is in violation of provisions of article XVII., section 4, of the Constitution of Pennsylvania.

It denies that the Lehigh and Susquehanna Railroad is a parallel or competing line to and with the railroad of the Philadelphia and Reading Railroad Company.

It denies that the agreement whereby the lease of the Lehigh and Susquehanna Railroad was assigned to the Port Reading Railroad Company was in violation of the provisions of the Constitution of Pennsylvania.

It denies that the agreement of lease between it and the Lehigh Valley Railroad Company is *ultra vires* and prejudicial to the interests of the plaintiff, and will work him irreparable injury, and that the agreement of lease between the Central Railroad Company of New Jersey and the Port Reading Railroad Company, in so far as it relates to or affects the said Lehigh and Susquehanna Railroad and its branches, is *ultra vires* and prejudicial to the interests of the plaintiff, and will work him irreparable injury.

FINDINGS OF FACT.

That the Philadelphia and Reading Railroad Company is a corporation created by and existing under the authority of an Act of the Legislature of the State of Pennsylvania, approved April 4th, 1833 (P. L., 144), entitled "An Act to authorize the Governor to incorporate the Philadelphia and

Reading Railroad Company," for the purpose of constructing and operating a line of railroad beginning at or near the borough of Reading, in Berks County, and terminating at some suitable point in or near the city of Philadelphia or on the line of the Philadelphia and Columbia, or of the Philadelphia, Germantown and Norristown Railroads.

That additional rights and powers were conferred by subsequent General Acts of Assembly and by Acts supplementary to and amendatory of the above-recited Act, and that in pursuance of the authority thereby given it, constructed and owns, leases, operates, and controls the lines of railroad set out in its answer to the bill of complaint in this suit (and to be found on pages 2, 3, and 4, answer Philadelphia and Reading Railroad Company).

That by an Act of Assembly approved May 18th, 1871, entitled "An Act to incorporate the Laurel Run Improvement Company" (the name of which corporation was afterwards changed to the Philadelphia and Reading Coal and Iron Company), it is provided that it shall be lawful for any railroad company of this State to subscribe for or purchase the stock or purchase or guarantee the bonds of the said Philadelphia and Reading Coal and Iron Company. That under and in pursuance of this authority contained in the charter of the Philadelphia and Reading Coal and Iron Company, the Philadelphia and Reading Railroad Company on or about the twentieth day of May, 1871, acquired a majority of the stock of the Philadelphia and Reading Coal and Iron Company.

That the Lehigh Coal and Navigation Company is a corporation organized and existing under an Act of the Legislature of the State of Pennsylvania, entitled "An Act to incorporate the Lehigh Coal and Navigation Company," approved February 13th, 1822 (P. L., 21), and its supplements, and in pursuance of the authority thereby given it constructed and now owns and operates a line of canal extending from Coalport to Easton, and from Easton to Bristol, and also constructed a line of railroad, known as the Lehigh and Susquehanna Railroad, extending from Phillipsburg, N. J., across the Delaware River, through the

Lehigh Valley, to a point near Wilkes-Barre, in the Wyoming Valley, State of Pennsylvania, with numerous branches, as set forth in the answer of that company in this suit (page 2), and is also the owner of coal lands in Carbon and Schuylkill Counties.

By articles of agreement, dated March 31st, 1871, the said Lehigh Coal and Navigation Company leased the said Lehigh and Susquehanna Railroad and branches to the Central Railroad Company of New Jersey.

That the Central Railroad Company of New Jersey is a corporation of the State of New Jersey, incorporated by special Act of the legislature of that State, entitled "An Act to incorporate the Somerville and Easton Railroad Company," approved February 26th, 1847. That by a supplement to the charter of the Somerville and Easton Railroad Company, approved February 22d, 1849, that company was authorized to purchase the railroad of the Elizabethtown and Somerville Railroad Company, another corporation of the State of New Jersey, incorporated by Act of February 9th, 1831, and it was provided that the two railroads should be controlled by the charter of the Somerville and Easton Railroad Company, and that the controlling company should thereafter be called the Central Railroad Company of New Jersey, and owns, controls, and operates various lines of railroad in the State of New Jersey, and more particularly a line from the town of Phillipsburg, in the State of New Jersey, thence to the harbor of New York. Its main line of railroad connects at Phillipsburg with the Lehigh and Susquehanna Railroad, and in pursuance of articles of agreement, dated March 31st, 1871, with the Lehigh Coal and Navigation Company, it entered into possession and maintains and operates the Lehigh and Susquehanna Railroad, forming with its line a continuous line of transportation from the Wyoming and Lehigh Valleys to tidewater on New York Bay.

That the Philadelphia and Reading Coal and Iron Company is a corporation incorporated by an Act approved May 8th, 1871, entitled "An Act to incorporate the Laurel Run Improvement Company" (P. L., 1871, page 215), as here-

inbefore stated. That power was conferred upon said coal and iron company to purchase, sell, transport, and mine coal, and to mine and manufacture iron, and that said company is engaged in the mining, shipping, and selling of anthracite coal.

That said coal and iron company owns and leases certain tracts of land underlaid with anthracite coal in Schuylkill, Northumberland, Columbia, and other counties in the State of Pennsylvania.

That the Philadelphia and Reading Railroad Company does not own or lease any coal land, and does not mine or sell coal.

That the coal produced from the collieries operated by the Philadelphia and Reading Coal and Iron Company is transported wholly or partly over the lines of the Philadelphia and Reading Railroad Company.

That the Philadelphia and Reading Coal and Iron Company has a capital stock of $8,000,000, divided into one hundred and sixty thousand shares of fifty dollars each. One hundred and fifty-nine thousand nine hundred and sixty shares are held in the name of the Philadelphia and Reading Railroad Company, and the remaining forty shares are held in the names of the directors.

That the Lehigh Valley Coal Company is a corporation formed by the merger and consolidation of the Luzerne Coal and Iron Company and the Green Land Company.

That the Lehigh and Wilkes-Barre Coal Company is a corporation formed by the consolidation between the Honeybrook Coal Company and the Wilkes-Barre Coal and Iron Company, made February 6th, 1874, and by virtue of this and previous consolidations it possesses all the powers of the Broad Top Mining Company, the Honeybrook Coal Company, the Consolidated Coal Company, and the Wilkes-Barre Coal and Iron Company.

That the said coal company owns and leases a number of tracts of anthracite coal lands in the Wyoming and Hazleton regions.

That no coal either from the said collieries or from any other collieries is mined or sold by the Central Railroad

1433

Company of New Jersey, and the Central Railroad Company of New Jersey does not own or lease any coal lands in the State of Pennsylvania.

That the coal produced by the Lehigh and Wilkes-Barre Coal Company is principally transported to market over the Lehigh and Susquehanna Railroad and the railroad of the Central Railroad Company of New Jersey; considerable amounts are, however, shipped over other railroads.

That the Lehigh and Wilkes-Barre Coal Company has an authorized capital stock of $10,000,000, of which $9,212,500 is outstanding, divided into one hundred and eighty-four thousand two hundred and fifty shares of fifty dollars each. Upon February 11th, 1892, one hundred and thirty-two thousand shares, amounting at par to $6,600,000, stood in the name of the Central Railroad Company of New Jersey, and the balance was in the hands of the public.

The Master finds the following facts (plaintiff's testimony, pages 70, 71, 72, 73, 74, 75, and 76):—

As to the distribution of anthracite coal in the United States, shipments of anthracite coal from different regions of Pennsylvania, and amounts produced in different regions and by different corporations.

Distribution of anthracite coal for years 1890 and 1891. (Partially estimated.)

Regions.	Year 1890.	Per Cent.	Year 1891.	Per Cent.
	Tons.		Tons.	
Pennsylvania, New York, and New Jersey	22,307,170	62 22	24,732,753	61 15
New England States	5,402,156	15 07	6,187,327	15.30
Western States	5,248,616	14 55	6,249,186	15 45
Southern States, including Delaware, Maryland, and District of Columbia	1,641,258	4 58	1,826,198	4 51
Pacific Coast	11,100	03	15,000	04
Dominion of Canada	1,226,839	3 42	1,393,922	3 44
Foreign Ports	48,036	13	43,950	.11
Total	35,855,175	.....	40,448,336	

The Master finds that on the eleventh day of February, 1892, an agreement was made between the Lehigh Valley Coal Company and the Philadelphia and Reading Coal and Iron Company whereby for a period of 999 years substantially the entire product of the lands and collieries operated by the Lehigh Valley Coal Company was sold to the Philadelphia and Reading Coal and Iron Company, the same to be paid for by the Philadelphia and Reading Coal and Iron Company at a certain rate or upon a certain basis fixed in said agreement, it being, however, expressly provided therein that the coal from all the collieries should continue to be, as it theretofore had been, transported to market over the lines of the Lehigh Valley Railroad Company.

That by a certain agreement between the Lehigh and Wilkes-Barre Coal Company and the Philadelphia and Reading Coal and Iron Company substantially the entire products of the lands and collieries operated by the Lehigh and Wilkes-Barre Coal Company was sold to the said Philadelphia and Reading Coal and Iron Company for a period of 999 years.

The Master comes now to the consideration and decision of the most important questions of fact raised by the bill, answers, pleadings, and evidence.

First.—Are the lines of railroad of the Philadelphia and Reading Railroad Company and the Lehigh Valley Railroad Company parallel or competing lines of railroad.

Second.—Are the leases and contracts in question calculated to stifle competition, or have they a tendency thereto, and consequently are they against public policy.

Third.—Is the making of these leases calculated injuriously to affect the public as to the commodity of coal, its price and production, and consequently against public policy.

The greater portion of the testimony taken bears on these points, and the Master will go into the questions at considerable length and detail.

The following facts are found by the Master:—

The Philadelphia and Reading Railroad Company was incorporated in 1833, with power to build a line of railroad from Reading, in Berks County, to Philadelphia; by authority subsequently conferred its lines of railroad now embrace those set out in its answer filed in this suit. It begins at Philadelphia and goes up the valley of the Schuylkill to Reading and Pottsville, thence across the mountain at Shamokin until it strikes the Susquehanna River at Sunbury, and thence along said river to Newberry Junction, in the city of Williamsport.

The Lehigh Valley Railroad Company was incorporated in 1846, with power to build a line of railroad from Easton, in Northampton County, to a point in Carbon County above the Lehigh Water Gap; by authority subsequently conferred its lines of railroad now embrace those set out in its answer filed in this suit. The main line of railroad is not constructed through any of the counties of this State through which the main line of the Reading Company is constructed; it runs through the valley of the Lehigh for a distance, then over the mountain to Wilkes-Barre, in Luzerne County, and follows northward until it strikes the north branch of the Susquehanna River at or near that city, and continues in a northerly and northwestwardly direction to Waverly on the State line between Pennsylvania and New York, forming the main trunk or line over which the bulk of its traffic is transported. For nearly the whole of this distance two counties separate, and at the point of crossing the Susquehanna four counties separate the lines. Between Wilkes-Barre and Sunbury the lines of railroad of the two companies are 65 miles apart. The Reading reaches no farther north than Williamsport, on the west branch of the Susquehanna, a point about the same distance south of the State line as Wilkes-Barre, and 65 miles due west from Wilkes-Barre, with a great mountainous district intervening.

The Reading system starting at Williamsport and runs almost due east for a distance, then turns westward for a distance, then running almost due south, reaches Sunbury; thence almost due east to Ashland; thence south to Gordon; thence south about forty-five degrees east to Port Clinton, a distance from Williamsport by this route of 123 miles, and a point 30 miles due west from Allentown, the most southern point reached by the Lehigh Valley Railroad. From Port Clinton the Reading proceeds southeastwardly to Philadelphia, and from Philadelphia to Marcus Hook on the Delaware River, near the State line between Delaware and Pennsylvania, and a total distance from Port Clinton, by this route, of 99 miles through the southern part of the State not reached at all by the Lehigh Valley Railroad or any of its branches.

The Lehigh Valley system, on the other hand, running through the State from Easton on the Delaware River southwestwardly along the Lehigh River to Bethlehem and Allentown; then turning at a right angle northward and following the winding course of the Lehigh River almost due north to Mauch Chunk and White Haven; thence over the mountain to Wilkes-Barre, a distance by rail from Allentown of 82 miles, and a point due east of and 65 miles distant from Williamsport, the most northern point reached by the Reading.

It will thus be seen that the only section of the State entered by the lines of both the Reading and the Lehigh Valley is that section which has for its western boundary a line running from Port Clinton to Williamsport of the distance by rail of 123 miles; for its eastern boundary a line running from Allentown to Wilkes-Barre of the distance by rail of 82 miles; for its northern boundary an imaginary line running from Wilkes-Barre due west to Williamsport of the distance of 65 miles; and for its southern boundary an imaginary line from Allentown due west to Port Clinton, a distance of 30 miles. And with the Reading system forming the western line of this section, the Lehigh Valley system the eastern line, the most southern point reached by the Lehigh Valley the south-

ern line, and the most northern point reached by the Reading system the northern line.

It will therefore be observed that these two systems of railroad are but 30 miles distant from each other between Port Clinton and Allentown, the southern line of this section, whilst at a distance of not over 50 miles by a direct line due north of Allentown, that is, between Wilkes-Barre and Williamsport, the northern line of this section, these two systems of railroad are 65 miles distant from each other; or, to state it differently, for each mile of this section traveled by the Reading from Port Clinton north it travels over one-half mile farther west from the Lehigh Valley Railroad, thus showing that the general trend of the two railroads is vastly different in this, the only section of the State entered by both.

Certainly these two systems of railroad have all the elements about them of difference as respects geographical location, terminals reached, and territory traversed.

It is in evidence that the North Pennsylvania branch of the Reading runs from Philadelphia to Bethlehem, terminating there, the Lehigh Valley Railroad also passes through Bethlehem with its main line, the Lebanon Valley branch of the Reading reaching East Penn Junction near Allentown, and the main line of the Lehigh Valley running through the city of Allentown, the Reading Railroad having no line of railroad to connect the two points, East Penn Junction and Bethlehem, the North Penn branch running to Philadelphia from Bethlehem, in a directly opposite direction from that followed by the main line of the Lehigh Valley Railroad, and at East Penn Junction the Lebanon Valley branch running at almost right angles from the direction pursued by the railroad of the Lehigh Valley Railroad Company.

Three points, Bethlehem, East Penn Junction, and Catasauqua, are the only points on the main line of the Lehigh Valley Railroad which are reached by the Reading system of railroads, and these points are only reached by branch lines extending from the main line of that system of railroad.

After a very careful consideration of the testimony bear-

ing upon this branch of the case, the Master finds that the lines of railroad of the Lehigh Valley Railroad Company and the lines of railroad of the Philadelphia and Reading Railroad Company are not parallel, and that from the testimony adduced no evidence is shown to sustain the plaintiff's allegation that they are competing lines of railroad within the meaning of the Constitution prohibition.

The Master is of the opinion, and so finds as a fact, that even although these two railroads may connect and transport freights and passengers between the local points on the several branches and spurs referred to by the witnesses in their testimony, and although there may be some incidental competition between the two roads at said points, it does not constitute the lines of railroad of the said two companies competing lines within the meaning and intent of article XVII., section 4, of the Constitution, which, in the opinion of the Master, was designed to prevent the consolidation of corporations whose lines, as a whole, formed competing systems; and he therefore finds as a fact that the systems of railroads of the Lehigh Valley Railroad Company and of the Philadelphia and Reading Railroad Company are not parallel or competing lines.

The two other questions of fact may be considered together.

It is charged by the plaintiff "that the agreements of leases aforesaid consitute a confederation designed to raise and control the price of an article of commerce, and are in effect an unlawful combination."

The article of commerce referred to is, as may be gathered from other parts of the plaintiff's bill, anthracite coal.

The Master finds as a further fact that the making of the said agreements of lease did not "constitute a confederation designed to raise and control the price of an article of commerce, and are not in effect an unlawful combination."

May this result be apprehended from the agreements above referred to, by which the coal mined by the Lehigh Valley Coal Company and the Lehigh and Wilkes-Barre Coal Company is sold to the Philadelphia and Reading Coal and Iron Company? This can only be determined by the evidence in the case.

It was testified, and upon this question there is no dispute, and is found as a fact by the Master, that the total area of the anthracite coal fields in Pennsylvania is between four hundred and ninety and five hundred quare miles, divided into three fields—the northern, middle, and southern coal fields. In these three coal fields there are three hundred and nine collieries in operation, divided as follows: Northern coal field, one hundred and eighty-six collieries; middle coal field, seventy-nine collieries; and southern coal field, forty-four collieries. The total amount of anthracite coal mined from the collieries during the year 1891 was forty million four hundred and forty-eight thousand three hundred and thirty-six tons.

From the statement included in stipulation admitted, showing production of anthracite coal in Pennsylvania for the years 1890 and 1891 (plaintiff's testimony, pages 72-75), the Philadelphia and Reading Coal and Iron Company mined in the year 1891 eight million two hundred and three thousand four hundred and sixty-five tons of anthracite coal, the Lehigh Valley Coal Company one million three hundred and sixty-nine thousand and eighty-five, and the Lehigh and Wilkes-Barre Coal Company two million six hundred and twenty-six thousand four hundred and ninety-seven, or a total for the three companies of twelve million one hundred and ninety-nine thousand and forty-seven tons. The total tons of anthracite coal mined by all operators in Pennsylvania for the year 1891 was (plaintiff's testimony, page 40) forty million four hundred and forty-eight thousand three hundred and thirty-six, so that from these figures the Philadelphia and Reading Coal and Iron Company, the Lehigh Valley Coal Company, and the Lehigh and Wilkes-Barre Coal Company mined but thirty and fifteen one-hundredths per cent. of the total output.

It thus appears from the testimony that these coal companies control but thirty and fifteen one-hundredths per cent. of the entire anthracite output, and that it would be impossible for them in any way to control the coal trade or the market price of coal. Besides, the evidence shows that the railroad and transportation companies have nothing

to do with the fixing the price of coal, but that this is wholly controlled by the miners and producers of coal, and that in the business of mining coal in the anthracite coal regions, in addition to the three coal companies above mentioned, there are no less than one hundred and thirty independent operators, as appears by the evidence above quoted, each one of whom has a voice in the question of the price of coal.

CONCLUSIONS OF LAW.

The questions of law raised by the pleadings and evidence, and which require the consideration of the Master, resolve themselves into four:—

1. Are the provisions of Article XVII., section 4, of the Constitution of 1874, applicable to the lease of February 12th, 1892, of the Central Railroad Company of New Jersey to the Port Reading Railroad Company.

3. Irrespective of the constitutional prohibition, are the leases void at common law as controlling the market price of coal or having a tendency thereto, and thereby causing injury to the public.

4. Apart from the constitutional prohibition, are the leases void at common law as controlling the market price of coal or having a tendency thereto, and thereby causing an injury to the public.

Article XVII., section 4, of the Constitution of Pennsylvania provides:—

"Sec. 4. No railroad, canal, or other corporation, or the lessees, purchasers, or managers of any railroad or canal corporation, shall consolidate the stock, property, or franchises of such corporation with, or lease or purchase the works or franchises of, or in any way control any other railroad or canal corporation owning or having under its control a parallel or competing line, nor shall any officer of such railroad or canal corporation act as an officer of any other railroad or canal corporation owning or having the control of a parallel or competing line; and the

question whether railroads or canals are parallel or competing lines shall, when demanded by the party complainant, be decided by a jury as in other civil issues."

Whether railroad lines are parallel is a fact of which the courts will take judicial notice.

The Master is of the opinion that the Constitutional provision was only intended to apply to those railroads whose lines as an entirety were competitive, and was not designed to prevent the consolidation of through lines merely for the reason that there were comprised in such consolidation spurs or branches to the main line of either consolidating company, which might be regarded as competing with one another, whereby incidental competition might be created.

As to the third question. The next question of law raised by the pleadings and evidence is whether "Irrespective of the constitutional prohibition are the leases void at common law and calculated to repress competition and thereby injuriously affect the public."

The general rule as deduced from the decided cases is where the tendency of an agreement is to create a monopoly and destroy competition in trade, courts will not on grounds of public policy sustain such an agreement.

Applying the rule laid down in these authorities to the present case, what is the internal evidence as to the character of the leases and contracts under consideration?

If the leases are in restraint of healthy competition, this must follow either from their terms or from the circumstances attendant upon the operation of the roads affected. If by the very terms and spirit of the leases the business of each line is to be competitively fostered it can hardly be argued (at least until the event has so proved) that agreements entered into with this express intention are to be carried out with the directly opposite effect.

Referring, then, to the lease of the Central Railroad of New Jersey to the Port Reading Railroad Company, we find the following provision:—

"*Eleventh.*—That the Port Reading Railroad Company shall not and will not divert or permit, or cause to be di-

verted, from the transportation lines or terminals comprising the Central system, its present traffic or any traffic which would naturally go to or towards its destination by or over the said system or any part thereof; and covenants and agrees that the tonnage mileage of all classes of traffic over the rail and water lines of the Central system shall be fostered and increased (by affording proper facilities and the making of reasonable and proper charges for transportation and otherwise), in such natural and proper future growth as shall be due to the location and resources of the said system. And the Port Reading Company shall at all times and from time to time during the term, give and extend to the individual operators and miners of coal along the lines of the Central Company, all due facilities for the shipping and marketing of the coal mined by the said operators and miners over the Central system and its terminals, and the Port Reading Company shall not do anything in discrimination against the said operators and miners."

It appears that the surplus rental to be paid to each company under these leases, over and above the guaranteed rental, is expressly dependent on the earnings made on the respective lines, thus showing plainly that whatever elements of traffic or business existed or could be developed on each were, by the very terms of the leases, to be fostered and encouraged, so that if the elements of competition existed between these lines, there was nothing in the leases tending to its suppression or extinction; but the leases, by their very terms, provide for the fostering and increase of all classes of traffic over each line.

This presents a different question from that which would be presented by leases in which the lessee would be bound to pay only a fixed rental, to be raised by the lessee in such way as might be deemed most convenient to the lessee, and where the lessee would be at liberty to manage the business over the leased lines as he might think best, without any restriction. In such case, were two parallel or competing lines leased to one lessee, the result might be a stifling of competitive traffic; but in the present instance,

even if it were for the sake of argument admitted as a fact that the lines in question bore to each other the relation of parallel or competing lines, it is manifest that, as competition on the respective lines not only cannot be interfered with, but interference therewith is made, by the terms of the leases themselves, a cause of forfeiture, the leases are not calculated to repress competition, and thereby injuriously affect the public, and are not therefore void at common law.

As the evidence shows that these leases were made for a just and honest purpose and were a reasonable business arrangement to protect the legitimate interests of the parties to the leases, and do not cause unreasonable high charges or violate any duty which the companies owe to the public, and no special injury to the public is shown, they come within the operation of the rule as laid down by the authorities just cited, and the leases will be held valid, and not in contravention of public policy.

As to the fourth question, apart from the constitutional prohibition, are the leases void at common law as controlling the market price of coal, and thereby causing an injury to the public?

As to the agreements between the coal companies, the Master has found that substantially the entire product of the lands and collieries operated by the Lehigh and Wilkes-Barre Coal Company and by the Lehigh Valley Coal Company was sold to the Philadelphia and Reading Coal and Iron Company.

The law is well settled that all contracts which in their objects, operations, and tendencies stifle competition in the market value of necessary commodities are in contravention of public policy, and incapable of conferring upon the parties thereto any rights which are enforceable in the courts; in other words, such contracts are void.

But while the general rule, as deduced from the authorities, is as I have stated it, the Master is of the opinion that the coal agreements are removed from its operation.

The Master is brought to this conclusion upon the testimony offered and the facts shown and found in the case.

In the anthracite coal region in this State, with an area of between four hundred and ninety and five hundred square miles, with three hundred and nine collieries in operation, operated by one hundred and thirty-three distinct and separate parties, with a total tonnage output for the year 1891 of forty million four hundred and forty-eight thousand three hundred and thirty-six tons, but twelve million one hundred and ninety-nine thousand and forty-seven tons were mined by the Philadelphia and Reading Coal and Iron Company, the Lehigh Valley Coal Company, and the Lehigh and Wilkes-Barre Coal Company, being only about thirty and fifteen one-hundredths per cent. of the total output. Moreover, the evidence shows that the price of coal is fixed by the miners and producers of coal, and in the business of mining coal in the anthracite coal region, in addition to the three coal companies above mentioned, there are no less than one hundred and thirty independent operators, each one of whom has a voice in fixing the price of coal. The Master concludes that by reason of the fact that the parties to these coal agreements would be able to control but a limited proportion of the coal production, and would not have a controlling voice in the regulation of the price of coal, there is nothing in the agreement which could have a tendency to create a monopoly or control the market price of coal in such manner that the public would be injuriously affected thereby, and that the agreements in question do not contravene public policy in this respect.

The demurrer of the Philadelphia and Reading Coal and Iron Company is sustained by the Master, and the bill will be dismissed as to this defendant.

The demurrer of the Lehigh Valley Coal Company is sustained by the Master, and the bill will be dismissed as to this defendant.

There being no countervailing proof to overcome the facts set forth in the plea of the Lehigh and Wilkes-Barre Coal Company, the plea in the opinion of the Master is true and sufficient in point of fact and law, and the bill will be dismissed as to this defendant.

APPEARANCE DOCKET.

Supreme Court of Pennsylvania, Eastern District.

Among the Records and Proceedings of the Supreme Court of Pennsylvania in and for the Eastern District, *inter alia*, the following is thus contained:—

Docket Entries.

January Term, 1893. No. 347.

Henry C. McCormick.
Seth T. McCormick.
John B. Stanchfield.

347

Appeal of Mathias H. Arnot from the decree In Equity.

No. 1 June Term 1892. Wherein the said appellant was plaintiff and The Philadelphia and Reading Railroad Company were defendants.

Certiorari to the Court of Common Pleas of the County of Lycoming.

Retble the Second Monday of March 1893.

Exit February 15, 1893.

March 13, 1893. Continued to be heard at Harrisburg at next meeting of court to be held there

Per Curiam.

March 13, 1893. Record returned and filed.

Eo die. Assignments of Error filed.

April 20, 1893. Transferred to Middle District for hearing.

May 31, 1893. Stipulation for amendment of record filed.

June 1, 1893. Argued in Middle District.

December 30, 1893. And now to wit December 30, 1893 the Justices before whom this case was argued not being agreed upon the matters therein raised, a reargument is ordered to be held before the full court.

By the Court.

March 12, 1894. Motion for leave to discontinue and dismiss the appeal filed on motion of Henry C. McCormick, Esq. Atty for Appellant.

Eo die. Leave granted and counsel directed to amend motion, on payment of costs.

Per Curiam.

STATE OF PENNSYLVANIA, }
EASTERN DISTRICT. } *ss.*

I, Lewis C Greene, Deputy Prothonotary of the Supreme Court of Pennsylvania, in and for the Eastern District, do hereby certify that the above and foregoing is a true copy of the Docket Entries in the above entitled cause, so full and entire as appears of record in said court.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said court at Philadelphia this 1st day of August, A. D. 1907.

LEWIS C. GREENE,
Deputy Prothonotary.

[SEAL]

Among the Records and Proceedings enrolled in the Court of Common Pleas in and for the County of Lycoming in the Commonwealth of Pennsylvania to No. 1, June Term, 1892, in Equity, is contained *inter alia* the following:—

Matthias H. Arnot, Plaintiff,

vs.

The Philadelphia and Reading Railroad Company, The Lehigh Valley Railroad Company, The Lehigh Coal and Navigation Company, The Central Railroad Company of New Jersey and the Port Reading Railroad Company.

McCormick for Plaintiff.

Wolverton, Rhown, Herring, Reading, Jr., Gowen, Omsted, Reading, Dickson, Dale and Reading for Defendants.

June 26" 1893 opinion of the Court filed. And now to wit: January 26" 1893, this case came on to be heard upon the Master's report and the exceptions thereto, and having been argued by counsel for the respective parties, thereupon, upon due consideration thereof, it is ordered, adjudged and

decreed that the exceptions be dismissed and the report confirmed and that the bill of the Plaintiff be dismissed with costs.

By THE COURT,

JOHN J. METZGER,
P. J.

STATE OF PENNSYLVANIA, }
LYCOMING COUNTY. } *ss.*

Certified from the Records of the Court of Common Pleas of Lycoming County, under my hand and seal of said Court, at the city of Williamsport, this 31st. day of January 1910.

HARRY S. MEYER,
Prothonotary.

[SEAL]

Mr. Reynolds offered in evidence also statement prepared by Samuel Dickson respecting the early attempts to build a line of railway between Philadelphia and Bound Brook to form part of a through line between Philadelphia and New York in competition with the Pennsylvania Railroad.

Government's counsel objects to the statement offered, on the ground of incompetency, irrelevancy and immateriality, and notes a further special objection to so much of the statement as includes opinions, beliefs and surmises as distinguished from historical facts as to the charters.

Government's counsel also give notice of an application to strike the statement from the record.

The statement is as follows:—

"In 1869 an attempt was made to build an independent and competing line of railroad between the City of Philadelphia and Bound Brook.

"The charter of Attleborough R. R. Co., incorporated under the Act of April 2, 1860, was secured. This charter authorized the construction of the railroad from Attleborough to any point on the Delaware River, and also to con-

nect with railroads in the Counties of Bucks and Philadelphia. The name of the Company was changed to National Railway Co., and a second company was organized under the General Railroad Law under the name of the Yardleyville & Middletown R. R. Co., with authority to build from a point near Yardleyville to the middle of the Delaware River. This was merged into National Railway Company and the consolidated company was believed to have authority to build from the City of Philadelphia to a point in the middle of the Delaware River at or near Yardleyville.

"In New Jersey a special charter was obtained to incorporate a railroad under the name of Stanhope R. R. Co., to construct a railroad from a point on Wallkill Mountain to a point on Lake Hopatcong, and to merge with other companies without restriction as to gauge. Several other charters were acquired in the State of New Jersey, including the one of a company incorporated entitled the Narrow Gauge Railway Co., which was authorized to construct a narrow gauge railroad from any factory to a point of connection with the Central R. R. of N. J. A consolidation was then effected between the Stanhope R. R. Co., the Narrow Gauge Railway Co., and other railroad companies, and an agreement entered into for the construction of a railroad from a point in the middle of the Delaware River to Bound Brook. The National Railway Co. of Pennsylvania then took a lease of the Stanhope R. R. Co., and it was advised by counsel in Pennsylvania and in New Jersey that it then had the power under its own charter and the charter of the Stanhope R. R. Co., to build and construct a railroad from Philadelphia to Bound Brook to a point of connection with the Central R. R. Co. of N. J.

"These agreements were made and executed in June, 1872, and the work of construction was begun in New Jersey, and large expenditures were made, and it was believed that it would be possible to build a railroad which would be an independent and competing line between Philadelphia and New York.

"In August, 1872, a Bill in Equity was filed by some of the stockholders in the National Railway Co., alleging that

their subscriptions had been obtained by misrepresentation, that the Pennsylvania charter had lapsed and did not authorize the construction of the road from the point of Philadelphia to the Delaware; that the charter of the Stanhope R. R. Co., had been obtained by fraud, and that the Company had no power to construct the road from the Delaware to Bound Brook. The Attorney General of Pennsylvania was also induced to file a writ of *quo warranto* to forfeit the charter of the Attleborough R. R. Co., and upon the coming on of the motion for an injunction, in order to expedite the final decision to the case, it was agreed that a decree *pro forma* should be entered, so that appeal could be taken to the Supreme Court. The defendant filed affidavits alleging that the plaintiffs were not acting in good faith for the protection of their own individual interests, but at the instance of the Pennsylvania R. R. Co. to defeat the construction of a competing line. In New Jersey an appeal was filed by the united companies and Pennsylvania R. R. Co., against the National Railway Co., the Stanhope R. R. Co. and others, asking to enjoin the construction of the railroad in New Jersey upon the ground that it would interfere with their right of monopoly. This contention was sustained and an opinion was delivered by the Vice-Chancellor which was reported in 23 N. J. Equity, 441. This decision aroused much feeling throughout the State of New Jersey, led to the passage of the Free Railroad Law of April, 1873, and immediately thereafter a company was organized under that Act to construct a railroad from the Delaware to Bound Brook.

"In Pennsylvania, in order to avoid delays of litigation, a company was organized under the General Railroad Law in 1868, which gave the unquestioned power to build between the proposed termini, and in order to obviate the objection that there could be no lease or merger of unfinished roads, the charter of the Excelsior Enterprise Co., having the same privileges and franchise as the Pennsylvania Co., was procured and the name changed to the National Company, which thereupon

became the owner of the capital stock of the Pennsylvania and New Jersey companies. Before these arrangements could be completed, the stringency of the money market, which culminated in the bankruptcy of Jay Cooke & Co., in September, 1873, made it impossible for the bankrupt company to sell the bonds, and the work of construction had to be abandoned.

"Subsequently, in the year 1874, the North Pennsylvania R. R. Co., having the authority, under its branching power, to build a branch from Jenkintown to the middle of the river, purchased the assets of the National Company, including the work of construction on the line of the Bound Brook road in New Jersey, and a line of railroad between Jenkintown and Bound Brook was thereupon completed and open for travel on the first day of May, 1876.

"Subsequently, in the year 1879, the Philadelphia & Reading R. R. Co. leased the North Pennsylvania R. R. Co., and thus acquired control of the line from Philadelphia to Bound Brook."

Mr Reynolds also offered in evidence Act of Pennsylvania of April 7th, 1870, Pamphlet Laws of 1870, page 1025, creating the Pennsylvania Company.

Also Act of Pennsylvania May 24th, 1871, Pamphlet Laws, 1089, creating the Excelsior Enterprise Company.

Also Act of Pennsylvania of April 15th, 1869, Pamphlet Laws of 1869, page 31.

Also Act approved the eighteenth day of February, A. D. one thousand eight hundred and seventy-one, being a supplement to an Act entitled An Act to Incorporate the Pennsylvania Company, approved the seventh day of April, A. D. 1870.

Mr. Reynolds also offered in evidence certificate of the Secretary of the Commonwealth of Pennsylvania of the change of corporate title changing the name of the Excelsior Enterprise Company to the name, style and title of the National Company, of March 31st, 1873.

It is understood that either party may quote from any portion of the Acts offered.

Mr. Drinker offered the following evidence on behalf of the Lehigh Coal and Navigation Company:—

It is understood that the Government reserves all objections as to the relevancy and materiality of the evidence to be offered.

Government counsel also reserves the right to quote from any of the same sources from which extracts are taken.

A legal history of the formation and organization and operation of the Lehigh Coal and Navigation Company, from its organization, and some years prior thereto, down to the year 1868, as follows:—

The Lehigh Coal and Navigation Company was incorporated by Special Act of the Legislature dated February 13th, 1822, P. L., 21. In order to understand the purpose for which it was formed, it is necessary, however, to go back to a period thirty years before its organization.

In the year 1792 an association was formed under the title of the Lehigh Coal Mine Company, which purchased from Jacob Weiss a tract of land at Summit Hill, and afterwards took up under warrants from the Commonwealth about 10,000 acres of land, embracing more than three-fourths of the coal lands now owned by the Lehigh Coal and Navigation Company.

The Coal Mine Company proceeded to open its mines and make an appropriation of £10 (later increased to £20) to construct a road from its mines to the landings on the Lehigh River, a distance of nine miles.

At this time the Lehigh River was wholly unimproved, and for navigation purposes, except in times of extraordinary flood, was entirely impracticable. The Coal Mine Company, therefore soon found that it was impossible to get its coal to market. Endeavors were made to improve the river, and laws were passed by the Commonwealth to this end, but without accomplishing anything. The last of six of these laws was the Act of February

27th, 1798 (recorded in Law Book No. 6, page 223). Incorporated in this Act was the privilege of raising money by lottery in order to improve the river. It contained also a limitation by which the improvement must be made within twenty years or it would expire.

During this twenty-year period the Lehigh Coal Mine Company made several leases, and under a lease in 1813, five ark loads of coal were loaded from the landing at Mauch Chunk, two of which reached Philadelphia, the other three having been wrecked. The company paid $4 per ton to a contractor for hauling the coal from the mines to the landing. The coal which arrived at Philadelphia was purchased at $21 per ton by Josiah White and Erskine Hazard who were then manufacturing wire at the Falls of the Schuylkill, but even at this price the lessees were not recompensed for their outlay and expenses and consequently decided to abandon the business.

In December, 1817, Messrs. White and Hazard, desiring to have anthracite coal for their works, and finding that they could not obtain it as cheaply from the Schuylkill Region as they were led to believe it could be procured from the Lehigh, determined that White should visit the Lehigh mines and river and obtain the necessary information on the subject. In this visit he was joined by George F. A. Hauto. On their return with a favorable report, it was ascertained that the lease on the mining property was forfeited by nonuser, and that the Act of 1798 had just expired by limitation. The Lehigh Coal Mine Company, thereupon, being entirely disheartened, executed a lease to Messrs. White, Hazard and Hauto for twenty years on their whole property, on the condition that after three years the lessees should deliver at least 40,000 bushels of coal annually in Philadelphia and outlying districts, and should pay upon demand one ear of corn as an annual rent for the property.

Having obtained a lease of the coal lands, Messrs. White, Hazard and Hauto sought for some means to get the coal to market, and the next Spring, on the 20th of March, they obtained a special Act of the Legislature authorizing them

to improve the navigation of the River Lehigh (7 Sm. L., 86.)

In April, 1818, White and Hazard themselves ran a level from Stoddartsville, at the head of the Lehigh River, down to Easton, sleeping in the woods.

Having obtained the Act of 1818, the lease on the coal lands, and the necessary information respecting the mines and the navigation of the river, the next step of the pioneers was to raise the necessary capital to carry on their work. In this they found the greatest difficulty. The repeated failure of their predecessors to improve the river, combined with the sceptical attitude with which anthracite coal was generally regarded as a fuel, made the obtaining of subscriptions very tedious. Finally two of the few subscribers, David Sellers and Samuel Gibson, took a trip up the Lehigh. A summary of their report is thus given by Josiah White in his journal:—

"They reported the Coal Mines inexhaustible but that the country was so Ruff between the River and the Mines, *that they found it an casement to Run over Stumps to avoid Stones.*

"That their Estimate of cost of improving the River was within our Estimate.

"This Report so completely alarmed the first subscribers, that we gave up their Subscription, & Nathn Sellers Recommended that we separate the Navigation from the Coal & make 2 Separate Cos, which altho contrary to our notions of Right we Submitted to, for the sake of starting the work under his Recommendation, for he felt a freedom to Recommend the Navigation on our plan."

Accordingly proposals were issued for subscriptions to two companies, the one called the Lehigh Navigation Company, and the other the Lehigh Coal Company. These two were to operate in conjunction with one another, the Coal Company to mine the coal, and the Navigation Company to transport it down the river Lehigh to Easton, and then down the Delaware to Philadelphia. They were to be consolidated at the earliest opportunity.

As soon as sufficient subscriptions had been obtained,

White, Hauto and Hazard engaged 200 to 300 hands and proceeded with the improvement of the river, which they had already begun in the Spring.

They also built a road from the mines at Summit to Mauch Chunk. This road White himself laid out with a borrowed level and of it he says:—

"We proceeded to make our Turnpike of 8½ miles as proposed, with a constant decent of 75 ft. to 100 ft. to the mile to within 4 miles of M. C. & then 50 to 75 ft. a mile until the level struck Mauch Chunk Creek & then down the bottom of the valley, about 100 or 150 ft. a mile to the landing at Mauch Chunk. No doubt this was the first uninterrupted descending grade of 8 miles in America if not in world, embracing the principle of never Rising."

This road was intended for a railroad as soon as the business would warrant the expense of placing rails upon it.

It had originally been intended that the navigation of the river should be effected by means of small wing dams and channel walls which would concentrate the water in a narrow channel at points where the river was shallow, and thus give sufficient depth for the passage of boats. Early in 1819, however, it was found that this method would not give the 18 inch depth for a 20 foot width required by the Act of 1818, and White thereupon devised a system of "artificial freshets" to enable the boats to float down.

"I devoted myself," he says, "for several weeks, especially to form a plan of a Sluice that would answer us, to be cheap made, & be safe in all stages of the water, & in which I providentially Succeeded in producing the Lock or Sluice, called the '*Bear Trap*,' a name the Workmen gave it while we were experimenting with it, on M Chunk Creek above the head of lower Broadway, to elude the enquiry of persons, who teased them with wanting to know what we were making &c. &c.

"We put up about 12 of these Locks & Dams this year, & completely prooved them, so as to determine they would answer our purpose. I took out a Patent for this Lock 12 mo 1819."

He thus describes the method of operating these locks:

"As the artificial freshet Navign is now abandoned & substituted by a Canal & Slackwater, it is due to give the character of that Navign.

"The River had 12 small dams & Bear trap Locks of 3 to 6 ft. high from M Chunk to the Lehigh Water Gap, say 11 miles & 9 miles below at the Slates a large dam & Bear trap lock 130 ft long 30 ft wide, made for a lift lock & 17 miles below the Slates another Dam 6 or 7 ft high & accendg lock like that at the Slates.

"1 man got on the front Coal ark at M Chunk & Rode down to the 2nd Lock then got off & had time to let down the gate (take ½ to 1 minute) & then got on the forward boat again, by this time there would be sufficient water, passed through the Lock & the water above beginning to fall, they then passed through to the next Lock when the same Lock tender got off and let the lock down as before & then got on the ark again &c &c down through the 12 locks to the Gap, & let this last Remain down untill the pond Run down & then walked back in the afternoon putting up all the Locks, so as to hold water for the freshet the next day.

"The operation of this was that the water in one pond made sufficient for to fill the channel to the other & so on to the Gap, & the accumulation of the 12 ponds here carried the fleet of 6 to 9 Boats or nests of arks down to the Slates, the pond here being 1 mile long, which together with the water from the 12 locks above carried the arks &c down to the 37 mile dam 17 miles below the slates & this would take these to & down the Delaware, & give 4 inches fresh on the Delaware.

"We have sent safely as many sections, as would make 190 to 200 ft in length. The average Boat say 140 or 150 ft. long, 16 ft wide & sunk 14 to 16 in sections 16 to 25 ft long each & the whole Boat under charge of 2 front & hind ore & 3 Hands carrd 70 or 120 tons.

"In the 3 last years of using these boats we averaged make in the whole of each season of 10 or 12 consecutive miles of these boats, all made entirely from the *Tree* every *year*, carrg about 40,000 tons of coal a year.

"Our Lumber however held out as we had contemplated until we finished the *accending* navign a Sett of hands would make a single section in 3-4 hour. & 7 or 8 Boats of 5 to 7 Secs as was a days work. the boards was plained by water & Plank jointed by water at Laurel Run & by crank & man power at M. Chunk. the plank corked by 1-2 in sqr White Pine Strips put corner ways into the grooves to fit in the plank & the balance of corking was large Rushes broaght from below Phila. & swengled tow for which we gave 1 ct. a lb.

"The Boats were knocked to ps in Phila & Lumber. sold. & the Iron sent back by team. costing us $15 to $17 1-2 freight. a ton 80 miles. this for the 80 miles is say *10 cents a Ton a mile.* Our Coal is now sent MC to Bristol 106 miles Includg toll & Freight for 1.24 cents a ton equal to 1 17-100 cents a ton a mile. Cist & Minor in 1816 pd $4 a ton Hallg Coal to M. C. we now pay by Back track 15 cts a ton.

"The Boston took their boats to Phila & Walked back mostly at first of latter years, they hired teams on the way to bring them back faster."

Meanwhile the managers had bought the coal lands and also timber lands at the head of the river so as to provide lumber for the rafts. The greatest difficulty was experienced in getting the lumber down to Mauch Chunk. White thus describes the conditions:—

"Inasmuch as by our decending navigation we got but one trip out of our boats when they where knocked up & converted again into Lumber after discharging their Coal in Philada. we found it was impossible to continue our Coal business even in the then small way. unless we. cleard out and contracted the channel as high up the River as the Pine Forrests, which was about 14 miles above Nesquhoning Creek (16 miles above M Chunk)

"This however was no small job for it was to be effected over Rapids that had formerly been abandoned. as a work impossible to accomplish; in this 14 miles there was a fall or Rise in the River exceeding 300 ft. & the Rocky bottom was peculiarly hard & difficult. & so for-

bidding was the shore that Horses had never been got down to this section of the River except in *two places.* & to supply our Hands in the channel, it was necessary to begin at the upr end and work downwards & send provisions & supplies to our Hands by a Road about 18 miles Round to the mouth of Laurel Run & then put it on a box boat & go down the chans to the work men.

"No Raft had ever before our channel was done Passed down the River from above the Nesquhoning, & From Nespuhog down before our channel was made it was only navigable for rafts, in time of High freshets.

"The Managers attempted to get plank for their boats down from the Forrest to M Chunk before the channels were made but the tryal prooved that the plank wore out or got broke against the Rocks before they got down to M. Chunk.

"Their next Resort was to throw in saw Logs *singly* in the Forrest, drive them down in high freshet by pushg them off the Rocks when they got fast, but it frequently happened when they got a large quantity within a small distance of M Chunk, a high freshet would occur & sweep the greater part down the River beyond our control, in fact we lost so much Logs & Lumber by freshets that, when the Co. were about settling Damages for their Canal The owners of places where this stuff of the Co. drifted demanded Damaged 4 fold the value of their Land because of the value of our drift stuff & on a Reference to one of those cases, our men swore that the Plaintiff in question had supported his whole family by the Drift lumber on his land (about 1 or 2 acres) & had money over their support."

At the close of the season of 1819 the Managers had proved to their satisfaction that the improvement of the navigation by artificial freshets was feasible, but although twelve dams had been constructed these had not all been covered in and sufficiently protected against ice freshets and in the Winter six of them were carried away.

By this time, also, the whole of the capital of $105,000 had been disbursed but White himself, being convinced of

the ultimate success of the enterprise, paid the hands during the Winter out of his own pocket. He continues:—

"As I have mentioned we had formed 2, Companies, viz a Navigation & a Coal Co. & both Co. censured us their Managers for spending their Money Wastefully. The Navigation Co. charged us for spending it wastefully by spending it *so fast*, by hurrying it, to accommodate the Coal Co. And the latter Co. complained because the Navigation was not then entirely finished, so as to send down their coal &c. &c.

"Most of the Stockholders in one were Stockholders of the other Co. & we found they took sides, with the stock their interest preponderated, if it was only 200 or 300$.

"One influential Stockholder said he would be one of 10 to Subscribe $10,000 to finish the work & Proove the value of the Coal &c *if the Co. would mortgage, to them the whole of their property*. But few joined him & not eno.

"It was finally concluded to amalgamate the 2 Cos. which was done 21 April 1820, on the express condition that $20,000 of the Stock should be subscribed to & the new Stock called 'the Lehigh Navigation & Coal Co.'

"This small increase of stock was with Difficulty obtained & not until $12,000, of it was taken by White & Hazard. More than $6000 of it I had advanced to carry us through the winter.

"This year, 1820, the Dams & Locks were Repaired & the first anthracite Coal sent to market by *Our Artificial Navigation*, & the whole quantity sent this year was 364 tons & this proved more than eno for family supply in Phila. & the Co. was in debt to the Rollen Mills &c for taking this Stock alltho the *Co. never asked more than $8. 50 a gross ton* whereas the previous Co. to ours asked as much as they could get for it, & they got $21. a ton, the consequence was the Public would not put up furnaces to burn it at such extravigant price, as $21. This seemed to confirm the doubtfull in the beginning, who admitted we *had plenty* of Coal, but that the prejudice of the Community, would be against its family use, & which apprehension seemed now to be confirmed."

During 1821 with the greatest difficulty more capital was raised and in spite of a break in the principal dam, 1073 tons of coal were sent to market. Still more money was needed. The company being up to this time unincorporated the stockholders became uneasy as to their personal liabilities and refused to subscribe further funds. Application was therefore, made to the Legislature, and on February 13th, 1822, the present act of incorporation was granted, the capital of the company being originally fixed at $1,000,000.

In the years 1822 to 1823 the descending navigation on the Lehigh was completed from Mauch Chunk down and a channel was made up to the Pine Forest. During these years the company also contributed upwards of $4000 to improve the channel of the Delaware.

In the year 1823, 5823 tons of coal were sent to market and about 1000 tons of this were left unsold in the following Spring. The managers in Philadelphia reported that it was not possible to dispose of more than 2000 to 3000 tons during the following season. After 1824, however, the public began to appreciate the value of anthracite and in 1825 the company marketed 28,393 tons. In this year also 7143 tons came down the Schuylkill.

In 1827 rails were laid on the road previously built from Summit to Mauch Chunk, this being the first railroad exceeding a mile in length ever built in Pennsylvania. The cars were drawn up grade by mules, who rode down in stalls at the back of the train, which consisted of fourteen cars of two tons each. The railroad was thus operated until 1845 when the Back Track (the present Switch Back Railroad) was completed. This was used until the opening of the Nesquhoning Tunnel in May, 1871.

In 1827 also the company began the construction of slack-water navigation completing the canal up as far as Mauch Chunk by July 1829. By June, 1838, this slack-water canal had been completed up as far as Wright's Creek, and the descending navigation extended to Stoddartsville.

By the Act of March 13th 1837, P. L., 53, the Legislature authorized the company to construct a railroad to con-

nect the north branch continuation of the Pennsylvania Canal at Wilkes-Barre with the slack water navigation of the Lehigh over the divide above Stoddartsville, and repealed so much of the Act of 1822 as required or provided for the completion of slack water navigation between Wright's Creek near White Haven, and Stoddartsville. This work together with the entire slack water navigation required, was completed by March 19th, 1838, and was reported to the Governor by the commissioners appointed for that purpose.

This Act of 1837 is as follows:—

"An Act

Authorizing the construction of a rail-road to connect the North Branch Division of the Pennsylvania Canal, at or within the Borough of Wilkesbarre, with the slack-water navigation of the Lehigh.

"Whereas, notwithstanding several Acts of Assembly have been passed authorizing the construction of railroads from the Susquehanna, at or near Wilkesbarre, to the river Lehigh, no preparations have yet been made to accomplish that object, so desirable to a large portion of the inhabitants of this commonwealth, now that the Lehigh Coal and Navigation Company are about completing their navigation to Wright's creek, the point considered most favorable for the connection of the two rivers by railroad; Therefore,

"Section 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania, in General Assembly met, and it is hereby enacted by the authority of the same. That the Lehigh Coal and Navigation Company shall be deemed to have performed all the duties required of them by the act passed twentieth of March one thousand eight hundred and eighteen, entitled 'An Act to improve the navigation of the river Lehigh,' and by the act passed thirteenth February, eighteen hundred and twenty-two, entitled 'An Act to incorporate the Lehigh Coal and Navigation Company,' relative to the improvement of the second grand section of

the river Lehigh and shall be entitled to all the rights, powers and privileges granted by the said acts for the completion of the several kinds of navigation hereinafter mentioned, when they shall have completed their slack-water navigation along the valley of the Lehigh, from Mauch Chunk to the mouth of Wright's creek or to such other point as may be chosen for the termination of the Susquehanna and Lehigh canal, or of a railroad from a point at or within the borough of Wilkes-Barre to the Lehigh, and also, shall have completed a descending navigation by artificial freshets, from the great falls at Stoddartsville to the mouth of Wright's creek, according to the provisions of the several acts of Assembly heretofore passed upon the subject; *Provided* They shall have constructed a railroad connecting the slack-water of the Lehigh river with a point at or within the borough of Wilkesbarre within three years from the twentieth day of March one thousand eight hundred and thirty-seven; *Provided Always* That nothing herein contained shall be construed to divest or in anywise affect any cause or causes of action which may have arisen or accrued to any corporation or individual against the said Lehigh Coal and Navigation Company previously to the passing of this act but the same may be pursued and prosecuted with the effect as if this act had not been passed; nor shall anything in this act be construed to authorize the said company to interfere with or obstruct the repair or completion of the Beaver Meadow Rail-Road: *Provided*, The toll on mineral coal descending the Lehigh navigation, from any point on the same, shall not exceed one cent and a quarter per ton of twenty-two hundred and forty pounds per mile, throughout the whole distance that such coal may be transported on the navigation; that the toll on lumber in boats from any point on the navigation, shall not exceed one cent and a quarter per thousand feet board measure, per mile for such distance, and the toll on lumber in rafts, shall not exceed two and a half cents per mile per thousand feet for such distance: *Provided*, That the toll on lumber in rafts from

Stoddartsville to Wright's creek, shall not exceed the charge for lumber in boats below Wright's creek: *And Provided*, That if the tolls on the Morris Canal, the Delaware and Raritan Canal, or the Delaware Division of the Pennsylvania Canal, shall be raised above their present rates on those articles, the tolls on the Lehigh Navigation may be raised in the same ratio.

SECT. 2. It shall and may be lawful for the Lehigh Coal and Navigation Company to increase their capital stock, by an amount not exceeding six hundred thousand dollars, either by new subscriptions or by the sale of shares as they may think proper.

SECT. 3. The Lehigh Coal and Navigation Company shall have authority and power, by themselves, their engineers, superintendents, artists and workmen, to enter in and upon, and occupy for the purposes, all lands which may be necessary or suitable for the construction of the rail-road mentioned in the proviso to the first section of this act, and there to construct the said rail-road, inclined planes, steam engines, with the necessary buildings, machinery, or other devices, doing as little damage as possible, and satisfying the owner or owners thereof; but if the parties cannot agree upon the compensation to be made to such owner or owners, it shall and may be lawful for the parties to appoint six suitable and judicious persons, who shall be under oath or affirmation, and who shall reside within the proper county, where the land lies, or if they cannot agree upon such persons, then either of the parties may apply to the court of Common Pleas of the proper county where the land lies, and said court shall award a venire, directed to the sheriff, to summon a jury of disinterested men, in order to ascertain and report to said court what damages, if any, have been sustained by the owner or owners of said ground, by reason of such rail-road, inclined planes, or other device, passing through his, her or their land, which reports being confirmed by the court, judgment shall be entered and execution may ensue in case

of non-payment for the sum awarded, with reasonable costs, to be assessed by the court; and it shall be the duty of the jury, or six appraisers, as the case may be, in valuing any land, to take into consideration the advantages derived to the owner or owners of the premises from the said rail-road; *Provided*, That either party may appeal to the court within thirty days after said report may have been filed in the prothonotary's office of the proper county, in the same manner as appeals are allowed in other cases; *And Provided Also*, That if any person owning land or any other property which shall be affected by this act, be *feme covert*, under age, *non-compos mentis* or out of the state, then and in either of those cases, the said Lehigh Coal and Navigation Company shall, within one year thereafter, represent the same to a neighboring justice of the peace, or to the court of Common Pleas of the county, as the case may be, who shall proceed thereon in the same manner, and to the same effect, as is directed by this act in similar cases.

"SECT. 4. The Lehigh Coal and Navigation Company, by and with their superintendents, engineers, artists, workmen and labourers, with their tools, instruments, carts, wagons, and other carriages and beasts of burthen and draft, may enter upon the lands continuous or near to the said railroad, giving notice to the owners or occupiers thereof, and from thence take and carry away any stone, timber, gravel, sand, earth or other material which may be necessary for constructing said rail-road, doing as little damage thereto as possible, and repairing any breaches they make in the enclosures thereof, and making amends for any damages that may be done thereon, and paying for the materials taken away, the amount whereof, if the parties do not agree, shall be assessed and valued by any three disinterested freeholders residing in the neighborhood, under oath or affirmation, to be appointed by consent of the parties, or if they cannot agree, by any disinterested justice of the peace of the proper county, allowing an appeal to the court of Common Pleas, as in the third section of this act.

"SECT 5. The Lehigh Coal and Navigation Company may charge and receive toll for passing on the said rail-road, on coal not exceeding one and a half cents per ton per mile, on other articles not exceeding two cents per ton per mile, on each horse not employed in drawing a car or carriage, on which toll is charged, one cent per mile, on each person drawn in a car or carriage, other than the driver, one cent per mile; *Provided*, That at inclined planes where stationary power is required, three times the toll allowed by this action for one mile of road, may be charged for any article passing up or down such plane.

"SECT. 6. The seventh section of the supplementary act, passed the third day of April, one thousand eight hundred and thirty-two regulating the travelling and transportation on the Mine Hill and Schuylkill Haven Rail-road, shall be considered a portion of this act, excepting that part of said section which provides that 'no person shall intersect said road without the permission of the board of managers,' that the said rail-road shall be deemed a public highway, and any person or companies may be permitted to intersect the same.

"SECT. 7. If any person or persons shall wilfully and knowingly break, injure or destroy the said rail-road, or any part thereof, or any work, edifice or device, or any part thereof, to be erected by the said company in pursuance of this act, or shall in any manner obstruct the free passage along the said rail-road, he, she or they, shall forfeit and pay to the said company three times the actual damage thereby sustained, to be sued for and recovered, together with costs of suit, in any court having cognizance thereof, by action of debt, in the name and for the use of the said company.

"SECT. 8. If any owner or driver of any car, carriage, wagon or conveyance, on the said rail-road, shall pass by any place appointed for receiving tolls, without making payment thereof, with intent to defraud the said company, he, she or they so offending, shall forfeit and pay for every such offense, for the use of said company,

the sum of twenty dollars, to be used for and recovered by action of debt, before any justice of the peace in like manner, and subject to the same rules and regulations as debts under one hundred dollars may be sued for and recovered, together with costs of suit.

"SECT. 9. That the rail-road authorized to be constructed by this act, shall be of the usual and ordinary width, and that it shall and may be lawful for any rail-road company now incorporated, or hereafter to be incorporated, or any individuals, or association of individuals, to intersect said rail-road by other rail-roads, at any place where it may be by them deemed expedient; such railroad company, individuals, or association of individuals, so intersecting, to construct, under the direction of the Lehigh Coal and Navigation Company, the necessary intersections, sideways, and switches, and keep the same in good order and repair, and in such position as not in any way to obstruct or impede the free use of the said rail-road by the Lehigh Coal and Navigation Company, their agents or engineers, or other persons using said road.

"SECT. 10. So much of any former act as is inconsistent with this act, or as required or provides for the completion of a slack-water navigation from the mouth of Wright's creek to Stoddartsville, in the second grand section of the river Lehigh, be, and the same is hereby repealed.

SECT. 11. This act shall not go into effect unless it be accepted by two-thirds of the votes of the stockholders of the Lehigh Coal and Navigation Company, present at a meeting to be called for that purpose, within two months from the passage of this act, nor until a certificate of such acceptance, under the seal of the corporation, attested by the president and secretary thereof, shall have been deposited in the office of the Secretary of the Commonwealth; *Provided*, That the legislature may reduce or regulate the tolls on the said rail-road.

"LEWIS DEWART,
"Speaker of the House of Representatives.
"THOMAS S. CUNNINGHAM,
"Speaker of the Senate.

"Approved—The thirteenth day of March, Anno Domini, one thousand eight hundred and thirty-seven.

"JOSEPH RITNER."

This Act was accepted by the stockholders at the meeting of May 10th, 1837.

Josiah White thus summarizes the early work of the company:—

"The Co. have always declared they were in the pursuit of a practical work, & which it is presumed their History fully proves. They feel they have fulfilled the conditions of their Law in Good faith, & that on the whole they have performed their duty, which if not the most arduous of the kind in the History of their country, it has been enough so, & that as the Pioneer, in introducing one of the greatest staples Pennsa can boast of (Anthracite Coal,) making the best Canal as well as the first Railroad in the State, & introduced into usefulness the cheap plan of making a navigation by artificial freshets. In the upper seen 2 dams are made to supply an artificial fresh a distance of 12 miles, & a fall of 336 ft, that they are entitled at least to the equal protection of Law, in common with their fellow citizens, & they don't think it their interest, or the public interest, for them or for any to have more, even if common honesty would bear out another course but which they very much doubt. (*these last Remarks are made as a disposition in our Legislature at this time 1832 was evinced to encourage the Beaver Meadow Co. & other interests in the 2nd Coal Region to persecute us, & break us down if in their power*)"

The great flood of 1841 again well nigh ruined the company but by means of a general mortgage of all their property, authorized by special Act of the Legislature of February 16th, 1842, P. L., 19, they were enabled to borrow money sufficient to tide them over the difficulty.

In 1862, another very severe flood occurred on the river which washed away a great number of the dams, particularly those at the head of the navigation.

By the Act of March 4th, 1863, P. L., 99, the company was authorized to extend the railroad from White Haven

down to Mauch Chunk, and was authorized to abandon so much of their navigation above Mauch Chunk as they desired. This Act is as follows:—

"An Act

To authorize the Lehigh Coal and Navigation Company to extend their rail road from White Haven to Mauch Chunk.

"Whereas, The valley of the river Lehigh has on several occasions, and latterly on the fourth day of June, one thousand eight hundred and sixty-two, been the scene of fearful floods, occasioning great loss of life and property along the line of said river.

And Whereas, The severity of said floods is thought to have been greatly increased by the destruction, mostly above Mauch Chunk, of dams and other works erected by the Lehigh Coal and Navigation Company to create a slack-water navigation along said river, in accordance with the requirements of divers Acts of Assembly relating to said Company.

"And Whereas, It would greatly conduce to the future safety of persons and property along the line of said river if a portion of said works now in ruins on the upper section of said navigation should not be restored.

"And Whereas, It is nevertheless important to the legitimate interests of said Company, and to the public, that the said slackwater navigation should not be disconnected from the railroad also belonging to said Company, and known as the Lehigh and Susquehanna railroad, constructed under a certain Act of Assembly, entitled 'An Act authorizing the construction of a railroad to connect the North Branch division of the Pennsylvania canal, at or within the borough of Wilkesbarre, with the slackwater navigation of the Lehigh,' approved the thirteenth day of March, one thousand eight hundred and thirty seven; said rail road and slackwater navigation forming a continuous line from Wilkesbarre to Easton. Therefore—

"Section 1. *Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania, in General Assembly met, and it is hereby enacted by the au-*

thority of the same, That the Lehigh Coal and Navigation Company be and they are hereby relieved from any and every obligation, at law or in equity, to place or keep in repair their slackwater navigation above Mauch Chunk, or any portion thereof, except such parts of the same, as the Board of Managers of said Company shall, within one year from the date hereof, determine to repair, and signify such determination by writing filed in the office of the Secretary of the Commonwealth; and the said Company are hereby authorized and empowered to construct or cause to be constructed upon and along the site heretofore occupied by the said navigation, and the works connected therewith, or upon any land conveniently near to said navigation, a railway extending from the present terminus of the Lehigh and Susquehanna rail road, near the borough of White Haven, to Mauch Chunk, or from and to any point or points between said terminus and said Mauch Chunk; *Provided, however*, that the said Company shall, within one year from the date hereof, commence some portion of the railway hereby authorized, and complete the same within five years from the passage of this act. *And provided further*, that the said Company may, at any time within the said five years, from time to time commence, and within a reasonable time thereafter complete any further portion or the whole of said railway, notwithstanding they may, within the term of one year as aforesaid, have commenced the construction of only a portion of said entire route; and the said Company shall have the right to connect their said railway with the Hazelton, the Beaver Meadow, the Lehigh Valley, and any other rail road now constructed, or which may hereafter be constructed to run to or along the valley of the Lehigh (in the vicinity of their said railway). *Provided also*, that nothing herein contained shall be construed to interfere with or bar any suit or action now pending against the said Lehigh Coal and Navigation Company; and that a continuous line of rail road communication between White Haven and Mauch Chunk, on one or other side of the river, shall be in operation within two years from the date hereof.

"SECTION 2. That the said Company may make such alterations in the location of their said Lehigh and Susquehanna rail road, between the head of the inclined planes on said road and the borough of Wilkesbarre, as they may deem expedient; and may increase or diminish the number of said inclined planes if they shall deem the same advisable, and may suspend or discontinue, from time to time, the use of said inclined planes, whenever they shall deem it more advantageous to do their transportation with locomotive engines over the branch road commonly called Back Track, which they have been authorized to build from the head to the foot of the planes, by the Act of Assembly approved the eighteenth day of April, eighteen hundred and sixty-one. *Provided*, that instead of being allowed as heretofore to charge at each inclined plane where stationary power is used, three times the toll allowed for one mile of road, said Company may charge at each plane not exceeding three times as much as for a length of road with locomotive power equal to the length of such inclined plane.

"SECTION 3. That the said Company shall have the right to build branches not exceeding eight miles in length each, to connect their said Lehigh and Susquehanna rail road, or the aforesaid Back Track, or the railway authorized by this act with coal mines or with other rail roads.

"SECTION 4. That for the purpose of constructing the improvements authorized by this act, and for repairing their work, and for general purposes of their business, it shall be lawful for said Company to borrow, from time to time, such sums of money as they shall deem expedient not in the whole exceeding three millions of dollars and to mortgage their canal, slackwater navigation, rail roads, property and franchises or any part thereof, as security therefor.

"SECTION 5. That the provisions of the tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and eighteenth sections of the act of nineteenth February eighteen hundred and forty-nine, entitled "An Act regu-

lating railroad companies,' and those of the several existing supplements to said act, are hereby extended to the Lehigh Coal and Navigation Company, so far as relates to the construction, maintenance, use, management and repairs of the railway and branches authorized by this act, and of the Lehigh and Susquehanna rail road and the branches thereof; and the said the Lehigh Coal and Navigation Company are hereby fully invested with all the rights, powers, privileges and franchises therein contained.

"SECTION 6. That so much of any Act or Acts of Assembly as is hereby altered or supplied be and the same is hereby repealed.

"SECTION 7. That this act shall not go into effect unless it be accepted by a majority of the votes of the stockholders of the Lehigh Coal and Navigation Company, present at a meeting to be called for that purpose, within two months from the passage of this act, nor until a certificate of such acceptance, under the seal of the corporation, attested by the President and Secretary thereof, shall have been deposited in the office of the Secretary of the Commonwealth.

"JOHN CESSNA,
"Speaker of the House of Representatives.

"GEORGE V. LAWRENCE,
"Speaker of the Senate.

"Approved—The fourth day of March, Anno Domini one thousand eight hundred and sixty-three.

"A. G. CURTIN."

The Act of March 16th, 1864 (P. L., 11), further authorized the company to extend the railroad from Mauch Chunk to Easton, and to cross the River Delaware at Easton by means of a bridge. The Act of April 6th, 1865, of the State of New Jersey, authorized them to build a bridge across the Delaware.

in pursuance of these Acts of Assembly, the company proceeded with the construction of the so-called Lehigh and Susquehanna Railroad, which was completed in 1868.

Extract from the report of the Board of Managers of the Lehigh Coal and Navigation Company for the year 1867, as follows:—

"The Board had not been unmindful of the importance of preventing, as far as possible, the large amount of our stock, to be issued to new parties under the above arrangements, from coming suddenly upon the market, and although it was found to be impracticable to make any binding stipulation to that effect, in writing, yet they had such assurances from the gentleman with whom the negotiation was mainly carried on, and who himself furnished the largest amount of Wilkesbarre Coal and Iron Company stock, that it is believed that, had he lived, neither his own stock nor that of most of his associates would have been thrown upon the market. Unfortunately he died a few days only before we issued the stock, and we not only lost the benefit of his promised aid and great influence with others, but the circumstances of his estate were such that even his own stock had to be forced to an early sale, so that the market almost immediately gave way beneath the weight of the stock suddenly crowded upon it. Thus was brought about that rapid decline in the market price in September and October, which, by alarming the public and impairing the credit of the Company, interfered most seriously with contemplated financial arrangements, and brought about the recent crisis in our affairs. Although unfortunate in its immediate results, the transaction in question is deemed most important and beneficial to the permanent interests of the stockholders."

"It has been supposed that sufficient funds to build the new railroad would be realized from the three issues of twenty per cent. each of new stock at par, added to the available proceeds of the loan of 1884 and the

$2,000,000 loan of 1897, together with the expected surplus profits of the Company's current business; but the amount of the latter having fallen much below our expectations owing to the depressed condition of the coal trade for several years past, and the railroad having cost much more than the original estimates, most of the loans having been sold at a discount, and a portion of the Company's resources applied in other ways, it became apparent, when the estimates were received in January, 1867, for work still to be done, that a further sum of $5,000,000 would be required. Hence the passage of the Act of Assembly above referred to. The Company in the meantime, put out the $2,000,000 loan, secured on the railroad from Mauch Chunk to Easton. This loan went off so slowly, and the market in this country for nearly all loans other than those of the United States Government was so exceedingly dull, that the Board decided to endeavor to place the $5,000,000 loan in England, in the shape of sterling bonds. It was to give additional confidence to the foreign public, that it was thought best to obtain the express sanction of the stockholders to the loan, and to the Company contracting to pay both principal and interest in gold. Negotiations were going on, meanwhile, which had resulted in the signing, at London, on the 14th of September, of a paper from which the Board were led to expect that the whole loan would be taken in England, at a figure which would have netted the Company about par. In order to gain time, however, to manage this matter to the best advantage, the stockholders were invited by a circular bearing date October 3rd to subscribe to a six per cent. loan payable in 1877, and convertible, at the option of the holder, into the capital stock of the Company at par, at any time within five years. This loan was offered to the stockholders at eighty per cent., to an extent not exceeding forty per cent. of the par value of their stock. The amount of loan thus offered was about $3,000,000. Only about $1,200,000 was taken, netting the Company less than $1,000,000, payable in several installments. This made it

highly important to hurry on the negotiation of the foreign loan, from which the most satisfactory results were still looked for, when, on the 31st of October (the market price of the Company's stock having materially declined in the meantime, from the sale of so much of that issued to parties in New York in exchange for Wilkesbarre stock), it became unexpectedly apparent, from a conference with a gentleman acting as counsel for the London house, with whom the negotiations had been carried on, that there was no probability that any further progress could be made in that direction. The reasons assigned were doubts as to some points of law. It was then too late for any further negotiations abroad. The Company had borrowed large sums for short periods which were rapidly falling due, and it became necessary to place the $5,000,000 loan at once on the best terms attainable. Through the active and zealous co-operation of friends of the Company outside of the Board, this was done, and the whole loan was taken in this country at 85 per cent., and the Company relieved from the embarrassments with which it was then threatened. It was felt, however, that to secure the taking of the loan, it was proper to invite those whose influence had been invoked in its behalf to take a prominent part in the management of the Company's affairs, and the Board was accordingly reorganized on the 29th of November, James S. Cox retiring from the Presidency, and Messrs. Jacob P. Jones, Samuel E. Stokes, Frederick Graff and Charles Wheeler, resigning their seats as Managers, the Board filling the vacancies thus created by electing Edward W. Clarke, President, and Messrs. John Welsh, Clarence H. Clark and George F. Tyler, Managers.

Extract from the Report of the Board of Managers of the Lehigh Coal and Navigation Company for the year 1869:—

"The 17,144 shares of the Wilkesbarre Coal and Iron Company stock purchased in 1867 was sold in June last,

and the Company received in exchange a tract of 2000 acres of land near the foot of our Wilkesbarre planes and a considerable sum of money in addition. Valuing the land at the very low price of $245 per acre, we realized the par value of our own stock given in exchange for the Wilkesbarre stock in September, 1867. Whatever the land is worth in excess of the $245 per acre, may be regarded as profit on the transaction.

"The purchase of stock was made for the purpose of insuring tonnage for our railroads and canals, and was induced by the policy of some of the large companies operating in the Wyoming region, of controlling large bodies of coal lands. That policy is still continued, and at this time all of the railroad and canal companies leading from that region own and lease extensive tracts of land. It was not regarded as prudent to dispose of the Company's interest in the Wilkesbarre Coal and Iron Company stock, possibly resulting in the withdrawal of their business, without making other arrangements for trade.

"The lands received from the Wilkesbarre Coal and Iron Company, in Hanover township, adjoin the Biddle lands, and the two tracts amount to over 2000 acres, nearly all within the coal field. The Cook tract, near this body of land, has about 100 acres of coal. In addition, purchases have been made to the extent of 3580 acres located in Newport township, five miles distant from the western limit of the Hanover township tract.

"The reasons that led to the sale of the stock and the purchase of these lands were various. The price offered was considered higher, relatively, than the lands could be purchased at. Large expenditures would be necessary during the next two or three years to continue the coal product of the Wilkesbarre Coal and Iron Company at the rate of 1869, and further expenditures were deemed judicious to increase the product and decrease the cost of mining. While we owned a majority of the stock, the remaining stockholders were indisposed to advance any portion of the money necessary for these developments. It was estimated that no larger expenditure during 1869

and the two following years, would be necessary, beyond the proceeds of the sale of the Wilkesbarre Coal and Iron Company stock, to purchase the large body of land and give us the entire control of, and profit on, a large product of coal, than it would be necessary for us to advance to retain the control and half-ownership of the property of the Wilkesbarre Coal and Iron Company.

"The only operations on the Hanover lands are those of Messrs. Parrish & Thomas, who mine from a portion of the property under a lease granted in 1865, which yields a rental of about $30,000 per annum. A shaft near the middle of the property, on the line of the Pennsylvania Canal, shows the top vein to be unusually fine in quality at that point, and at an early period it will be advisable to build a breaker and open the mine.

"On the Newport lands, extensive developments were in progress at the time of purchase; for the details of which, see the report of the Superintendent. They contemplate a production of 300,000 to 400,000 tons a year, and further developments are practicable to at least the extent of doubling that product.

"The Hanover and Biddle tracts offer an opportunity for an equal number of collieries.

"The interest of the Company in coal lands in the Wyoming region is:—

	Acres.	Cost.
Hanover tract from Wilkesbarre Coal and Iron Company, over	2000	$493,001.30
Biddle lands, over	800	169,497.32
Cook lands, portion underlaid with coal	100	45,000.00
Newport township lands	3580	1,413,976.96
In the aggregate	6480	$2,121,475.58

Of which 5700 acres are within the coal-field."

Extract from the Supplementary Report of the Board of Managers of the Lehigh Coal and Navigation Company for the year 1870:

"In addition to the reasons stated at the special meeting as among those which induced the managers to enter into the negotiation for the lease, may be added the difficulty of carrying our large and increasing floating debt. The railroads were making constant demands on our resources for additional sidings, tracks, buildings and equipment; and by leasing them we are not only relieved from all demands for equipment, and any present demands for money for additions to the road, but have also secured financial aid which will enable us to pay off a portion of the floating debt and fund the remainder. The sale to the Central Company of materials, machinery and securities, including a million of bonds of our proposed general mortgage, will give us $1,500,000, and this amount, with our net receipts during the first four months after resumption of work at the mines, will reduce our floating debt to less than one million dollars."

Extract from the Report of the Board of Managers of the Lehigh Coal and Navigation Company, for the year 1871:

"The Company enjoyed many years of great prosperity before it commenced extending its railroad, which was built from White Haven to Wilkesbarre in 1837 to 1840, at a cost of $1,380,000. The principal extension from Mauch Chunk to Phillipsburg changed the company from a coal and navigation company to a railroad company, owning mines, with a canal as a subordinate means of transportation. The railroad, when completed to a connection with the New Jersey roads, had cost, with its equipment, more than twice as much as the whole amount of stock and bonds outstanding previous to 1864.

"A large debt had been incurred, besides an increase of stock, and to secure sufficient revenue to pay the heavy

interest accruing, further expenditures were necessary, at a time when the stock and bonds of the Company were very much depressed, and its credit seemed exhausted.

"The New Jersey roads would not furnish their quota of cars for our business, and we were obliged to provide them for the trade from the mines to tide. Our own mines, and those of the Wilkesbarre Coal and Iron Company, controlled in 1867, could not supply sufficient tonnage to make both canal and rail road remunerative, and it was necessary to secure additional lands at a time when other Companies were making large purchases in the field (the Wyoming) from which we were seeking tonnage. A better connection with our Lehigh mines than the old Gravity road was important, as was also a connection with other coal fields.

"During a period of great irregularity in the coal trade, strikes among miners, freshets on the canals, the purpose of increasing our facilities for doing business, of improving our railroad connection, and enlarging our coal estate, was steadily pursued at a cost of several millions of dollars, as will be seen by the following statement:—

Expended.	1868.	1869.	1870.	1871.	Aggregate.
On Lehigh and Susquehanna Railroad and branches	$803,376.03	$416,878.91	$527,833.65	$58,269.11	$1,806,357.70
On Railroad Equipment by Company	1,075,119.85	208,217.31	18,442.80	4,824.28	1,306,604.24
By Railroad Car Trust Association	100,542.40	643,936.93	5,400.00	.....	749,879.33
By Lehigh Equip. Trust	.....	291,128.50	507,621.50	.....	798,750.00
On Nesquehoning Valley R. R	20,207.99	236,478.97	712,773.12	313,345.38	1,282,805.46
On Wyoming Coal Lands and Improvements	.....	2,137,780.69	209,580.53	119,124.69	2,466,485.91
	$1,999,246.27	$3,934,421.31	$1,981,651.60	$495,563.46	$8,410,882.64

Expended in 1868	$1,999,246.27	
Expended in 1869	3,934,421.31	
Expended in 1870	1,981,651.60	
Expended in 1871	495,563.46	
		$8,410,882.64

"This large aggregate expenditure was rendered necessary by the outlay of $9,000,000 in railroad extension during the four years previous to 1868, to make that remunerative and to insure the future prosperity of the Company. The money was raised by various negotiations. There remained about $1,000,000 from the gold loan negotiation made late in 1867, and the sale of the Wilkesbarre Coal and Iron Co.'s stock provided about one-half of the amount expended in 1869 in the purchase of coal lands. The remainder was provided by the sale of other assets, new issue of bonds, car trust stocks, Nesquehoning Valley Railroad stock, and a portion is still carried on temporary obligations, which we hope to fund during this year by the sale of a part of our consolidated mortgage 7 per cent. bonds, which have been recently declared by an Act of Assembly a legal investment for trustees. We propose to sell $2,000,000 of the loan, and our total mortgage debt then outstanding, after deducting $2,310,000, the payment of which has been assumed by the Central Railroad Company of New Jersey, and which is still a lien on the equipment sold to that Company, will be about $13,000,000, secured by mortgage of property worth over $25,000,000.

The Central Railroad Company of New Jersey has also assumed our obligations under the car trusts, one of which it has already extinguished.

"While we were taxing our resources to the utmost for the development of our railroad interests, we were compelled to neglect our canals and Lehigh coal lands. For the development of the latter we expended in 1868, $94,834.30; in 1869, $125,330.42; in 1870, $47,169.51, thereby increasing but slightly their capacity for production. There was at all times an urgent demand for money on the part of the railroad, and as expenditures there would give us an immediate return, and those on our mines would give no revenues for many months, the railroad demand was met, and that of the coal lands postponed.

"The lease of our railroads, early in 1871, to the Central Railroad Company of New Jersey, was a close alliance

of interests, securing the cooperation of a wealthy corporation in the pursuit of a line of policy which we had followed to the best of our ability for some years. The development by that Company of our railroad interests has left us free to use our own resources on our coal property. While we shall profit by the development of both interests, they secure a large and increasing business for their railroad; and the alliance which has been and promises to be of the most friendly character, is and will be mutually beneficial. The recent agreement uniting the interests of the Central Railroad Company with those of the Delaware, Lackawanna and Western Railroad Company has no tendency to disturb these friendly relations, but rather to cement them. The natural result of that union and the alliance with this Company will be the harmonizing of the policies of the three companies in the management of their coal interests, securing to all of them the advantages of controlling as a unit the production and sale of a larger amount of coal than is under the control of any other corporation.

"We are now pursuing on our coal property a vigorous policy of development. We have 8 Lehigh collieries, with an aggregate capacity of 75,000 tons a month. To these we propose to add one more colliery, which we hope to have in operation before the close of 1873, and to increase the production of the others, so that the 9 collieries will have a capacity of at least 125,000 tons per month within two years; and, if deemed expedient, we can readily increase much beyond that quantity."

Extract from the report of the Board of Managers of the Lehigh Coal and Navigation Company for the year 1873:—

"During the greater part of the year the Company was compelled to pay very high rates on its floating debt. The competition among borrowers, principally railroad companies, for money offered for temporary loan, forced rates up very high during the winter and spring, and

while rates were comparatively low in the summer the supply did not at any time during the year exceed the wants of borrowers. When the panic checked negotiations in the middle of September, our floating debt was at its maximum, and great difficulty was experienced in meeting maturing obligations. The cash resources of the Company, the large revenue from the very profitable business in September and the still large, but greatly reduced, business of October, supplemented by the sale of over 9000 shares of stock owned by the Company, with the partial renewals of maturing obligations, carried us forward for some weeks, and when these means were exhausted the Board resolved to present no obstacle to the conversion into stock of the convertible loan due in 1882, of which a large amount was pledged for maturing and demand obligations. Some conversions were made and the stock sold by parties to whom we were indebted, when the Board deemed it best to control the conversions and sales where practicable, and succeeded generally in doing so. The total amount of loan converted was $605,500 into 12,110 shares of stock, of which 10,770 shares were sold at an average of about $25½. The remaining 1340 shares were redeemed and are now held by the Company. The 9417 shares held in the contingent fund and first sold, cost in 1807 and previously about $57½ per share. The total loss on all the stock sold was $567,634.64, and the amount of stock now outstanding is 187,807 shares of the par value of $9,390,350. The panic caught us in the midst of a large and very profitable business and materially checked it, thereby reducing the profits of the year; the high rates for money all the year, particularly in the spring and fall, added largely to the interest charge which on the floating debt exceeded half a million dollars. Notwithstanding these drawbacks the revenue very nearly met the interest and expenses of the year.

"The Board has been at all times anxious to fund the floating debt, always a source of danger to the Company. The policy inaugurated many years ago of keeping the amount of stock smaller than the indebtedness

was profitable during prosperous periods, but a source of embarrassment when coal interests were depressed. While the interest on existing indebtedness was earned with difficulty, it was not practicable either to increase the stock basis or to sell more bonds at reasonable prices. The property of the Company was large and valuable, but its very magnitude was a source of danger, as large expenditures were necessary to make it remunerative. Bonds could not be sold until the payment of interest was certain, and this could not be established until the property was developed. This required large expenditures of money, and as a necessity a floating debt was incurred, which continued to increase as our expectations of revenue were disappointed by floods or the frequent disturbances of the money market and business interests during the past five or six years. At the time of the recent panic the business of our Railroads seemed well established, and the revenue therefrom likely to meet fully our expectations. After long delays our mines were at last in condition to make ample returns, but the utter prostration of business by the panic threatened to defer prosperity to another year, and the Board, feeling the importance of retiring the floating debt without further delay, determined to seek relief by the sale of the Company's coal lands in the Wyoming region, which not being largely developed, were producing but a small revenue. After long negotiations a sale was finally effected to the Honey Brook Coal Company (controlled by the Central Railroad Company of New Jersey), at the rate of $700 per acre for the coal area, the improvements and personal property to be taken at a valuation. This sale was followed so soon by the lease of our Lehigh coal lands and a contract for the maintenance and operation of our Canals, that it was substantially one negotiation. As the Central Railroad Company were already operating our Railroads, the control they had just acquired of our Canals and of our coal lands by their coal organization put them in possession of nearly all of our property.

"For the railroad they pay us under the lease executed March 31, 1871, 1-3 of the gross receipts.

"The Wyoming lands, improvements, leases and personal property were sold for $4,728,803.63, and the proceeds will be applied to the reduction of our funded and floating debt."

Extract from the Report of the Board of Managers of the Lehigh Coal and Navigation Company, for the year 1874:

"The floating debt, which has been for years a source of great anxiety and danger to the Company, is all provided for. The Lehigh and Wilkes-Barre Coal Company paid us during 1874 all but one million dollars of the balance due on purchases of real and personal property. The payment was in money and not in the bonds named in the contract of sale. Of the remaining one million they have paid $692,683.34 since the first of January and the balance will be paid on or before the first of July. To provide for the remainder of the floating debt we have sold one million dollars of our consolidated seven per cent. bonds and with the proceeds we are paying our temporary obligations as they mature."

Extract from the Report of the Board of Managers of the Lehigh Coal and Navigation Company, for the year 1877:

"The year just closed has been one of the most eventful in the history of the Company. Previous to the last annual meeting the properties of the Central Railroad Company of New Jersey and of the Lehigh and Wilkes-Barre Coal Company had passed into the hands of Receivers, the two Companies owing us for cash advances and postponed rents over eleven hundred thousand dollars, as then stated to the stockholders. The Receivers of the Coal Company found themselves unable to pay the rent of our coal lands, and while the Receiver of the Railroad Company was willing to pay promptly the cur-

rent rent of the railroads he declined to pay either the over due rent or the stipulated amounts maturing under the canal contract, and he refused to continue to operate the canals, abandoning all control over them. Not willing to assent to this position, and failing in our efforts to move the Receiver from it, we applied to the United States Circuit Court for leave to enforce our rights under the railroad contract. After argument before the Court, and while waiting for a decision, a compromise agreement, under date of June 23rd, was made with the two companies, under which settlement was effected of all accounts and contests between us.

"The lease of the railroad was executed March 31st, 1871, and the contract for operating the canals, which was entered into nearly three years later, was in no way connected with it. Default on the latter agreement did not give us the right to terminate the former. The railroad Company had a perfect right to retain our railroads as long as they performed the obligations of the contract of March 31st, 1871.

"The canal contract and the lease of our Lehigh coal lands were negotiated at the close of 1873, and were dependent on each other. While we retained our coal lands we had the power to send a large part of their product to market by canal and we were unwilling to lease the mines without providing for the canals also. Accordingly, when we leased our mines to the Lehigh and Wilkes-Barre Coal Company, it was agreed that the Central Railroad Company should operate our canals and pay us a fixed revenue of $200,000 per annum, default on either contract to give us the right to terminate both. This right was recognized in the agreement of June 23rd, and was subsequently exercised by this Company, but we desired to defer disintegration as long as possible, and wished also to give to the Receivers of the Coal Company the opportunity, which an advance in coal would afford to them, to save the advanced royalties and the large outlay on the mines made by the Lehigh and Wilkes-Barre Coal Company. For these reasons we

agreed to defer taking possession until the end of the year and to permit both mines and canals to be operated for our account after April 1st. The hoped for improvement in coal was not realized, and the receiver of the Railroad company desiring to be relieved of even nominal control over the canals, we resumed possession of both canals and mines early in January of this year."

Statement showing dividends paid to stockholders of the Lehigh Coal and Navigation Company, from the year 1822 to the year 1913, showing the average dividend for the ninety-two years paid to have been 4.641 per cent. per annum, and the average dividend for the period from 1871 to 1913, inclusive, 43 years, 4.756 per cent. per annum, as follows:

STATEMENT OF DIVIDENDS PAID TO STOCKHOLDERS OF THE LEHIGH COAL AND NAVIGATION COMPANY.

DIVIDENDS.

No.	Date of Declaration.	Rate.	Per Share.
1	Jan. 1822	3%	$1.50
2	July 1822	3%	1.50
3	Jan. 1823	3%	1.50
4	July 1823	3%	1.50
5	Jan. 1824	3%	1.50
6	July 5, 1824	3%	1.50
7	Jan. 3, 1825	3%	1.50
8	July 4, 1825	3%	1.50
9	Jan. 1, 1826	3%	1.50
10	July 3, 1826	3%	1.50
11	Jan. 1, 1827	3%	1.50

DIVIDENDS PASSED—6 MONTHS.

12	Jan. 7, 1828	3%	1.50
13	July 7, 1828	3%	1.50
14	Jan. 5, 1829	3%	1.50

DIVIDENDS PASSED—4 YEARS, 6 MONTHS.

No.	Date of Declaration.	Rate.	Per Share.
15	July 1, 1833	3%	1.50
16	Jan. 6, 1834	3%	1.50
17	July 7, 1834	3%	1.50
18	Jan. 5, 1835	3½%	1.75
19	July 6, 1835	3½%	1.75
20	Jan. 4, 1836	4%	2.00
21	July 4, 1836	4%	2.00
22	Jan. 2, 1837	4½%	2.25
23	July 3, 1837	4½%	2.25
24	Jan. 1, 1838	5%	2.50
25	July 2, 1838	5%	2.50
26	Jan. 7, 1839	5%	2.50
27	July 1, 1839	5%	2.50
28	Jan. 6, 1840	5%	2.50

DIVIDENDS PASSED—12 YEARS, 3 MONTHS.

29	May 12, 1852	6%	3.00
30	May 24, 1853	6%	3.00
31	May 23, 1854	3%	1.50
32	Nov. 28, 1854	3%	1.50
33	May 22, 1855	3%	1.50
34	Nov. 27, 1855	3%	1.50
35	May 27, 1856	3%	1.50
36	Nov. 25, 1856	3%	1.50
37	May 26, 1857	3%	1.50
38	Nov. 24, 1857	3%	1.50
39	May 25, 1856	3%	1.50
40	Nov. 16, 1858	3%	1.50
41	May 24, 1859	3%	1.50
42	Nov. 22, 1859	3%	1.50
43	May 22, 1860	3%	1.50
44	Nov. 27, 1860	3%	1.50
45	May 27, 1861	3%	1.50
46	Nov. 26, 1861	3%	1.50
47	May 27, 1862	3%	1.50
48	Nov. 25, 1862	3%	1.50
49	May 26, 1863	3%	1.50
50	Nov. 24, 1863	3%	1.50
51	May 24, 1864	3%	1.50
52	Nov. 22, 1864	5%	2.50
53	May 23, 1865	5%	2.50
54	Nov. 28, 1865	5%	2.50
55	May 22, 1866	5%	2.50
56	Nov. 27, 1866	5%	2.50
57	May 28, 1867	3%	1.50

DIVIDENDS PASSED—7 YEARS.

No.	Date of Declaration.	Rate.	Per Share.
58	May 26, 1874	2%	1 00
59	Aug. 25, 1874	2%	1 00
60	Nov. 24, 1874	2%	1 00
61	Feb. 23, 1875	2%	1 00
62	May 25, 1875	2%	1 00
63	Aug. 24, 1875	2%	1 00
64	Nov. 23, 1875	2%	1 00
65	Feb. 21, 1876	2%	1 00
66	May 23, 1876	2%	1 00
67	Aug. 22, 1876	1½%	75

DIVIDENDS PASSED—5 YEARS, 3 MONTHS.

68	Nov. 22, 1881	2%	1 00
69	May 23, 1882	2%	1 00
70	Nov. 28, 1882	2%	1 00
71	May 22, 1883	2½%	1 25
72	Nov. 27, 1883	3%	1 50
73	May 27, 1884	3%	1 50
74	Nov. 25, 1884	3%	1 50
75	May 26, 1885	3%	1 50
76	Nov. 24, 1885	2½%	1 25
77	May 25, 1886	2½%	1 25
78	Nov. 23, 1886	2%	1 00
79	May 24, 1887	2%	1 00
80	Nov. 22, 1887	2%	1 00
81	May 22, 1888	2%	1 00
82	Nov. 27, 1888	2½%	1 25
83	May 28, 1889	2½%	1 25
84	Nov. 26, 1889	2½%	1 25
85	May 27, 1890	2½%	1 25
86	Nov. 25, 1890	2½%	1 25
87	April 28, 1891	2½%	1 25
88	Nov. 3, 1891	2½%	1 25
89	May 2, 1892	2½%	1 25
90	Nov. 7, 1892	3%	1 50
91	May 1, 1893	3%	1 50
92	Nov. 6, 1893	3%	1 50
93	May 7, 1894	2½%	1 25
94	Nov. 5, 1894	2%	1 00
95	May 6, 1895	2%	1 00
96	Nov. 4, 1895	2%	1 00
97	May 4, 1896	2%	1 00
98	Nov. 9, 1896	2%	1 00

No.	Date of Declaration.	Rate.	Per Share.
99	May 3, 1897	2%	1.00
100	Nov. 1, 1897	2%	1.00
101	May 2, 1898	2%	1.00
102	Nov. 7, 1898	2%	1.00
103	May 1, 1899	2%	1.00
104	Nov. 6, 1899	2%	1.00
105	May 7, 1900	2½%	1.25
106	Nov. 5, 1900	3%	1.50
107	May 6, 1901	3%	1.50
108	Nov. 4, 1901	3%	1.50
109	May 5, 1902	3%	1.50
110	Nov. 3, 1902	2%	1.00
111	May 4, 1933	3%	1.50
112	Nov. 2, 1903	3%	1.50
113	May 2, 1904	3½%	1.75
114	Nov. 7, 1904	3½%	1.75
115	May 1, 1905	4%	2.00
116	Nov. 6, 1905	4%	2.00
117	May 7, 1906	4%	2.00
118	Nov. 5, 1906	4%	2.00
119	May 6, 1907	4%	2.00
120	Nov. 4, 1907	4%	2.00
121	April 27, 1908	4%	2.00
122	Oct. 26, 1908	4%	2.00
123	April 26, 1909	4%	2.00
124	Oct. 25, 1909	4%	2.00
Extra	Oct. 25, 1909	1%	.50
125	Dec. 27, 1909	15% Scrip	7.50
126	April 25, 1910	4%	2.00
127	June 27, 1910	2%	1.00
128	Oct. 24, 1910	2%	1.00
129	Jan. 23, 1911	2%	1.00
130	April 24, 1911	2%	1.00
131	June 26, 1911	2%	1.00
132	Oct. 23, 1911	2%	1.00
133	Jan. 22, 1912	2%	1.00
134	April 22, 1912	2%	1.00
135	June 24, 1912	2%	1.00
136	Oct. 28, 1912	2%	1.00
137	Feb. 28, 1913	2%	1.00
138	May 31, 1913	2%	1.00
139	Aug. 30, 1913	2%	1.00
140	Oct. 27, 1913	2%	1.00

Average for period 1822 to 1913 inclusive—92 years. 4.641% per annum.
Average for period 1871 to 1913 inclusive—43 years. 4.756% per annum.

Statement showing profit and loss account summary of the Lehigh Coal and Navigation Company, from December 31st, 1862, to December 31st, 1876:—

Profit and loss surplus December 31, 1862			$3,176,109.69
Net income year 1863		$794,527.49	
Dividends, 6 per cent.		148,797.00	
			645,730.49
Profit and loss surplus December 31, 1863			$3,821,840.18
Net income year 1864		$1,322,276.69	
Dividends, 8 per cent. and tax	$357,880.79		
Conversion of scrip to capital stock	1,803,000.00		
		2,160,880.79	
			838,604.10
Profit and loss surplus December 31, 1864			$2,983,236.08
Net income year 1865		$1,061,890.42	
Dividends, 10 per cent. and tax	$494,052.63		
U. S. tax 5 per cent	48,219.79		
		542,272.42	
			519,618.00
Profit and loss surplus December 31, 1865			$3,502,854.08
Net income year 1866		$648,225.88	
Dividends	$643,247.37		
U. S. and State taxes	116,130.90		
		759,378.27	
			111,152.39
Profit and loss surplus December 31, 1866			$3,391,701.69
Net income year 1867		$6,570.15	
Dividends	$197,572.11		
Discount loans and acceptances	1,421,259.57		
Donation to Hannah A. Walter	15,000.00		
Depreciation L. & S. R. R. equipment	300,497.38		
		1,934,329.06	
			1,927,758.91
Profit and loss surplus December 31, 1867			$1,463,942.78

Net income year 1868		$6,992.55	
Estimated loss suspended debt accounts 1867	$120,000.00		
Paid W. B. Coal & Iron Co. settlement alleged non-fulfillment of contract	17,408.99		
		137,408.99	
			130,416.44
Profit and loss surplus December 31, 1868			$1,333,526.34
Net income year 1869			334,701.54
Profit and loss surplus December 31, 1869			$1,668,227.88
Net income year 1870—loss		$297,691.52	
Extraordinary expenses D. D. Canal account freshet		91,293.23	
			388,984.75
Profit and loss surplus December 31, 1870			$1,279,243.13
Net income year 1871		$272,385.83	
Discount loans 1897 and 1884	$14,223.30		
Estimated appreciation coal lands	5,862,111.49		
	$5,876,334.79		
Discount loans	$486,370.61		
Depreciation and loss on improvement and equipment accounts	589,886.52		
Suspended debts	34,598.96		
Depreciation canal and shipping improvements	1,780,166.56		
Depreciation coal improvements and switchback R. R.	781,599.13		
	3,672,621.78		
		2,203,713.01	
			2,476,098.84
Profit and loss surplus December 31, 1871			$3,755,341.97
Net income year 1872—loss			275,926.34
Profit and loss surplus December 31, 1872			$3,479,415.63

Profit and loss surplus December 31, 1872			$3,479,415.63
Net income year 1873—loss		$35,380.95	
Revaluation of Wyoming lands		892,111.49	
Loss on stock sold		567,634.64	
		$1,495,127.08	
Profit on sale of Wyoming lands and improvements		$1,466,099.08	
			$29,028.00
Surplus (Profit and Loss and Dividend Fund Accounts) December 31, 1873			$3,450,387.63
Net income year 1874		$845,778.69	
Dividends, 6 per cent	$585,803.00		
Sinking Fund, 10 cents per ton, 572,469.18 tons coal	57,246.99		
Depreciation, adjustment of accounts, loss on sale of personal property and suspended debts charged off	350,547.19		
		993,597.18	
			147,818.49
Surplus (Profit and Loss and Dividend Fund Accounts) December 31, 1874			$3,302,569.14
Net income year 1875		$780,146.49	
Dividends, 8 per cent	$805,595.00		
Sinking Fund, 10 cents per ton, 397,426.13 tons	39,742.66		
		845,337.66	
			65,191.17
Surplus (Profit and Loss and Dividend Fund Accounts) December 31, 1875			$3,237,377.97
Net income year 1876		$631,962.06	
Dividends	$563,670.25		
Sinking Fund, 10 cents per ton, 606,773 tons	60,677.30		
		624,347.55	
			7,614.51
Surplus (Profit and Loss and Dividend Fund Accounts) December 31, 1876			$3,244,992.48

Summary of assets and liabilities from 1863 to 1876.

SUMMARY OF ASSETS AND LIABILITIES OF THE LEHIGH COAL & NAVIGATION COMPANY FOR 14 YEARS, DECEMBER 31, 1863, TO DECEMBER 31, 1876. (STATEMENT PREPARED FROM PRINTED ANNUAL REPORTS).

ASSETS.	Dec. 31, 1863.	Dec. 31, 1864.	Dec. 31, 1865.	Dec. 31, 1866.	Dec. 31, 1867.	Dec. 31, 1868.	Dec. 31, 1869.
Canal and River Improvements	$4,455,000.00	$4,455,000.00	$4,455,000.00	$4,455,000.00	$4,455,000.00	$4,455,000.00	$4,455,000.00
L. & S. R. R	1,389,988.37	1,917,895.35	3,127,708.42	5,691,294.05	10,342,823.20	11,146,199.23	11,625,632.65
L. & S. R. R. Equipment	.....	.....	.....	1,177,010.46	1,611,915.28	2,687,035.13	2,832,697.93
Real Estate, cost of coal mine lands, etc., Railroads to mines, other improvements, wharves and landings, etc., Philadelphia	1,729,851.91	2,072,984.50	2,037,089.72	2,299,773.30	2,959,719.46	3,102,094.51	5,726,020.94
Movable effects, debts due the Company, Bills Receivable, Bonds and Mortgages, etc	1,235,526.28	2,128,112.02	2,907,157.38	2,683,449.80	2,019,833.45	2,011,898.91	4,105,876.91
Contingent Fund, cost of Investments	680,372.02	640,952.02	680,246.58	1,056,676.08	2,352,665.05	2,235,046.16	1,064,906.78
Cash	112,771.86	165,975.86	790,116.26	175,265.62	700,044.19	162,026.67	310,647.61
	$9,603,510.44	$11,380,919.75	$13,997,318.36	$17,538,469.31	$24,442,000.63	$25,799,300.61	$30,120,782.82
LIABILITIES.							
Capital Stock	$2,479,950.00	$4,282,950.00	$6,091,700.00	$6,968,145.85	$8,739,800.00	$8,739,800.00	$8,739,800.00
Bonded Debt	2,786,681.92	2,846,881.92	3,081,433.74	5,848,508.94	12,504,297.27	14,106,521.39	16,309,691.49
Floating Debt	515,038.34	1,267,851.75	1,321,330.54	1,330,112.83	1,733,960.58	1,619,452.88	3,403,063.45
Profit and Loss	3,821,840.18	2,983,236.08	3,502,854.08	3,391,701.69	1,463,942.78	1,333,526.34	1,668,227.88
	$9,603,510.44	$11,380,919.75	$13,997,318.36	$17,538,469.31	$24,442,000.63	$25,799,300.61	$30,120,782.82

ASSETS.	Dec. 31, 1870.	Dec. 31, 1871.	Dec. 31, 1872.	Dec. 31, 1873.	Dec. 31, 1874.	Dec. 31, 1875.	Dec. 31, 1876.
Canal and River Improvements	$4,455,000.00	$3,000,000.00	$3,000,000.00	$3,000,000.00	$3,000,000.00	$3,000,000.00	$3,000,000.00
L. & S. R. R	12,153,466.30	11,989,888.45	12,463,465.43	12,754,395.17	13,046,208.81	13,232,332.90	13,718,106.26
L. & S. R. R. Equipment	2,851,140.73	.....	.....	.....	.....	.....	.....
Real Estate, cost of coal mine lands, etc., Railroads to mines, other improvements, wharves and landings, etc., Philadelphia	6,003,977.14	10,666,221.62	12,610,099.61	8,845,019.60	8,841,187.57	8,788,144.13	8,724,170.56
Movable effects, debts due the Company, bills receivable, bonds and mortgages, etc	3,437,039.08	2,889,050.65	2,927,696.99	5,620,478.14	2,126,133.47	1,115,748.00	2,162,766.77
Funded Debt assumed by C. R. R. Co. of N. J	.....	2,310,000.00	2,310,000.00	2,310,000.00	2,310,000.00	2,310,000.00	2,310,000.00
Funded Debt assumed by Honeybrook Coal Co	.....	.....	.....	1,356,000.00	.....	.....	.....
Funded Debt assumed by L. & W. B. Coal Co	.....	.....	.....	.....	1,336,500.00	1,294,000.00	1,271,000.00
Contingent Fund, cost of investments	920,024.79	949,873.58	1,041,081.53	390,550.83	295,517.47	292,366.69	279,699.48
Cash	496,956.60	235,003.28	352,694.13	234,497.69	152,145.61	177,591.32	296,134.04
	$30,317,604.64	$32,040,037.58	$34,705,637.69	$34,510,940.83	$31,107,693.13	$30,210,183.04	$31,761,877.11
LIABILITIES.							
Capital Stock	$8,739,800.00	$8,739,850.00	$8,784,850.00	$9,390,350.00	$9,949,900.00	$10,248,550.00	$10,448,550.00
Funded Debt	16,162,978.84	16,058,655.88	16,927,655.88	15,937,655.88	14,906,670.02	15,619,792.77	15,587,792.77
Floating Debt	4,135,582.67	3,486,189.73	4,991,716.18	4,892,547.32	2,665,964.28	650,627.24	1,506,116.66
C. R. R. Co. L. & S. R. R. Construction Loan	.....	.....	522,000.00	840,000.00	282,589.69	453,835.06	974,425.20
Profit and Loss	1,279,243.13	3,755,341.97	3,479,415.63	3,450,387.63	3,302,569.14	3,237,377.97	3,244,992.48
	$30,317,604.64	$32,040,037.58	$34,705,637.69	$34,510,940.83	$31,107,693.13	$30,210,183.04	$31,761,877.11

Statement, showing the dates of acquisition of the coal lands of the Lehigh Coal and Navigation Company:

"The coal lands at present owned by The Lehigh Coal and Navigation Co. consist of approximately 12,279 acres. Of this amount 9527 acres were acquired from Messrs. White, Hauto and Hazard and were never operated by any interests except The Lehigh Coal and Navigation Co. 1254 acres were acquired from the Greenwood Coal Co. in the year 1872. 101 acres from the Nesquehoning Water Co. in 1874. 83 acres from Messrs. Best, Audenried & Tower in 1882. 229 acres were acquired from George R. Kaercher in 1884. 285 acres from John P. Hobart, William Thompson and the Bank of Kentucky in the year 1889. The properties acquired from the Nesquehoning Water Co. had never been operated prior to the acquisition of the same by the Lehigh Coal & Navigation Co.

"Of the coal lands at present owned by the Navigation Co. 78 per cent have been held by the Company practically since its inception and have never been operated by any parties except the Navigation Co. or its Lessees."

Statement showing Gross Earnings Lehigh and Susquehanna Railroad, leased to the Central Railroad of New Jersey, from the years 1900 to 1913, inclusive, showing gross receipts, one-third of the gross receipts, and the maximum rental paid by the Central Railroad of New Jersey to the Lehigh Coal and Navigation Company:—

Year.	Gross Receipts.	1-3 Gross Receipts.	L. C. & N. Co. Maximum Rental Paid by C. R. R. of N. J.
1900	$5,560,897.42	$1,853,632.48	$1,853,632.48
1901	6,247,755.41	2,082,585.13	2,082,585.13
1902	5,237,584.90	1,745,861.63	1,745,861.63
1903	7,719,667.25	2,573,222.42	2,170,777.41
1904	7,611,667.09	2,537,222.36	2,192,057.59
1905	8,391,704.63	2,797,234.87	2,196,618.89
1906	8,153,734.56	2,717,911.52	2,198,182.87
1907	9,387,380.80	3,129,126.93	2,198,693.69
1908	8,387,444.03	2,795,814.68	2,198,800.41
1909	8,682,352.45	2,894,117.48	2,199,293.96
1910	9,280,995.27	3,093,665.09	2,199,883.80
1911	9,481,282.65	3,160,427.55	2,200,340.25
1912	9,920,186.48	3,306,728.82	2,200,471.82
1913	9,962,036.40	3,320,678.80	2,201,743.88
Totals	$114,024,689.34	$38,008,229.76	$29,838,943.81

(Adjourned to meet in New York City, Monday, April 27th, 1914, at eleven o'clock A. M.)

RETURN OF EXAMINER.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

The United States of America, Plaintiff,	Sept. Sessions, 1913.
vs.	No. 1095.
Reading Company and others, Defendants.	IN EQUITY.

I, Charles H. Guilbert, duly appointed by the Court as Examiner to take the testimony in the above-entitled cause, either within or without this district, and to report the same to the Court, do hereby certify that, beginning, pursuant to notice, on March 17, 1914, and continuing from time to time thereafter, I have taken or caused to be taken and recorded all the testimony of the witnesses produced and the exhibits offered on the part of the defendants, on the examination in chief, as well as all the proceedings connected therewith, the signing of the testimony by the witnesses respectively being waived by counsel; and that the foregoing is a complete and true record of all such testimony, exhibits, and proceedings, the same beginning with the proceedings before the Examiner on March 17, 1914, and ending with the proceedings on April 20th, and including all the exhibits offered by defendants.

In Witness Whereof I have hereunto set my hand this 24th day of April, 1914.

C. H. GUILBERT,
Examiner.